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NEWSPAPER

late news

Japanese union gets 4.87% raise

TOKYO — The Japanese Auto Workers Union and the negotiating team representing Japanese automakers reached agreement on a new annual contract that raises wages an average of 4.87 percent.

Management rejected union demands for an 8 percent increase and postponed action on demands for a higher overtime premium and a reduction in hours worked.

The 4.87 percent increase compares to a 5.62 percent raise last year.

The union had called for a boost in the 25 percent premium for overtime. The union also wanted automakers to reduce hours worked per year to 1,800 by the mid-1990s, compared to 2,100 hours now.

This year the union was unusually aggressive, particularly on the work-hours issue, and received unprecedented support from the government.

— Mary Ann Maskery

Honda recalls 400,000 cars

TORRANCE, Calif. — American Honda Motor Co. Inc. is recalling about 400,000 of its 1982-85 Accords to replace corroded fuel fillers.

The cars are in areas where salt is used to clear roads. The salt may damage the protective coating on the fuel filler or breather pipe and allow salt water to collect. That could cause the filler and breather pipes to rust through and cause leaks when the fuel tank is filled or topped off.

see LATE NEWS, 2

BMW poised to build in U.S.

DIANA T. KURLYKO

Staff Reporter

FRANKFURT — BMW AG, the German luxury-car maker, is "80 percent" decided on building a new car plant in the United States to produce a new model for world-wide export, the company's chairman says.

A decision on the plant, which

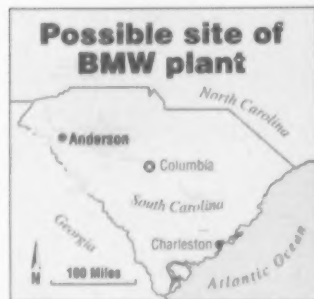
likely would be located in Anderson, S.C., will be made "within four weeks," according to an unclassified U.S. government memo that relates a consular official's dinner conversation on March 20 with BMW Chairman Eberhard von Kuenheim.

"BMW Chairman . . . von Kuenheim (said) . . . that the company is

80 percent of the way toward deciding to open a new production facility in the U.S.," U.S. Consul General Andrew G. Thoms Jr. in Munich says in a memo to the U.S. Embassy in Bonn.

The Thoms memo, a copy of which was obtained by *Automotive News*, says the search for a new

see BMW, 38



MARTHA GRATTAN / AUTOMOTIVE NEWS

Dealers order more cars

Stores prepare for spring and recovery

Automotive News

New-car dealers are ignoring the mid-March sales downturn and building inventory for the spring selling season and a sales recovery they anticipate.

Dozens of dealers interviewed last week reported ordering more cars and trucks than they did at this time last year. Some increased orders by 75 percent.

Optimism varies by make and region. Chrysler Corp. and Ford Motor Co. dealers are generally more optimistic than General Motors dealers; Big 3 dealers are more optimistic than import dealers because there is more recovery room for most U.S. makes.

Dealers, who pared car stocks in the downturn, are now more openly optimistic than their factories. They report more and better quality showroom traffic, which is slowly convincing factory officials that a recovery is stirring.

Chrysler Corp. expects steady, continuous improvement in the spring automotive market but not a strong, industrywide surge.

The credit-worthiness of shoppers has improved in the past 60



JEFFREY BURLEW

Steve Ramsey, left, the assistant manager at Courtesy Pontiac-Acura in Lexington, Ky., gives Jon Hatten a "walk around." Hatten eventually purchased the 1992 Pontiac Grand Am SE for \$14,465.

days, but consumers remain worried about unemployment, said Theodor Cunningham, Chrysler executive vice president of sales and marketing. He said the market "keeps getting better a little at a time."

Dealers' orders for April already match anticipated production schedules at all but one Chrysler

10-day sales fall ▶ 37

assembly plant, Cunningham said.

"For the April production schedule, it looks like we will have all plants running," he said. "We have no downtime scheduled at this point, except one week of downtime at Toledo."

Chrysler's Toledo, Ohio, assembly plant, which builds the Jeep Cherokee and Comanche, will be down the week of April 27 because of a transmission shortage, Cunningham said.

Floor traffic in Chrysler's 4,900 dealerships is up but has retreated from the volume peak reached

see ORDERS, 37

Eaton: Chrysler must get leaner

Plans include fewer brands; 6-year product life cycles?

MARY CONNELLY

Staff Reporter

HIGHLAND PARK, Mich. — Less than two weeks into the job, Chrysler Corp. Chairman-designate Robert Eaton has absorbed a wealth of facts about the company and developed strong opinions.

Chrysler's new vice chairman already has previewed the company's future product plan, joined a 12-hour strategy session with corporate officers, and amassed a startling depth of detail about the automaker that he will head beginning Jan. 1.

Eaton, 52, joined Chrysler on March 16.

In an *Automotive News* interview, the former president of General Motors Europe outlined surprisingly well-developed views on critical issues facing Chrysler:

■ Chrysler still has "a long way to go" to be a lean manufacturer even though it has cut costs by \$3 billion. All makers have too many non-value-added activities, both in the plant and the office.

Chrysler sells Mitsubishi stock ▶ 4



Eaton: to be a team player

■ Chrysler needs fewer brands. A reduction will increase brand awareness and help dealers in the U.S. market.

■ Six-year product-life cycles are optimal. Spreading costs over that term gives customers better value than a four-year cycle.

■ Even as Chrysler sells off part of its stake in Mitsubishi Motors Corp., Chrysler's relationship with its Japanese partner will continue.

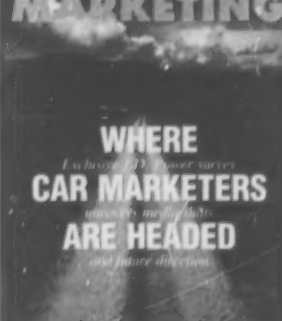
Mitsubishi will sell cars from its Illinois factory to Chrysler through 1998.

■ Chrysler is not "anywhere near exhausting" its potential market in Europe.

Eaton put the launch of Chrysler's new products atop his list of challenges facing the company. By 1995, the company will have replaced all of its car platforms, introduced a new full-sized

see EATON, 34

AUTOMOTIVE MARKETING



How ads will change

To learn the future, we surveyed the top 200 car marketing executives. Our special section follows Page 20.

Japan: Debt leaves makers almost broke

MARY ANN MASKERY

Staff Reporter

TOKYO — After spending an estimated 5.5 trillion yen (\$43 billion) on new cars and plants in the last five years, Japan's car-makers are virtually broke.

"Times have changed for the industry," says Keith Donaldson, who follows the industry for Salomon Brothers in Tokyo. "There is a weakness as a whole."

Donaldson said the industry's net debt-to-equity ratio averaged 55 percent last year, meaning that each \$1 of shareholder's equity had claims against it of 55 cents. "That is a reasonable figure in Japan," he said. But take out industry giant Toyota Motor Corp., and the indus-

see JAPAN, 36

Automotive News

BRAND NEW AIRBAG

Demand forces makers to look for new suppliers. PAGE 4

WHAT A GAS

Mazda considers hydrogen as fuel for cars. PAGE 8

PORSCHE LOSES ANOTHER

The head of the automaker's U.K. unit quits. PAGE 8

WAGONS HO!



▲ Toyota begins exporting Camry wagons. PAGE 22

THAI THE KNOT

Fiat near a deal for new partner in Thailand. PAGE 22

WHY DID HE GO?

Doubts linger about Shoichiro Irimajiri's sudden exit. PAGE 36

DEPARTMENTS	Page
Auction ads	26-27
Auction dates	32
Classifieds	28-32
Calendar	27
Dealers	16
Incentives	36
Keith Crain	12
Legal file	23
Letters	12
Obituaries	17
Opinion	12
Personnel	16

MARCH TABLES

	Page
MARCH 2	
Sales, 10 day by make	8
Production, weekly by model	39
MARCH 9	
Sales, February top 10	38
Sales, February by maker	38
Sales, year to date by maker	38
Sales, domestic car by model	38
Sales, light-truck by model	38
Production, weekly/Feb. totals	41
MARCH 16	
Sales, import car by model	24
Sales, Canada by make	19
Sales, dealer by make	23
Inventory, as of Mar. 1	34
Production, weekly by model	37
MARCH 23	
Sales, 10 day by make	32
Sales, truck by gvw	16
Production, weekly by model	37

TODAY

Sales, 10 day by make	37
Production, weekly by model	39

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HANS G. LEHMANN/HIDDEN IMAGE

Nissan-Ford sport-utility spied

This spy shot shows a slightly disguised running prototype of a small sport-utility that Nissan and Ford are developing for Europe. Similar in size to the Suzuki Sidekick, the new off-roader is expected to be introduced in 1993. Nissan will build it in Spain.

latenews

CONTINUED
from PAGE 1

Toyota exec takes to the air

LOS ANGELES — James Press, a 22-year Toyota veteran, has been named the first president of Toyota Aviation Inc., a subsidiary of Toyota Motor Sales U.S.A. Inc.

Toyota Aviation, founded in 1989, is a \$22 million operation based in Long Beach, Calif. It runs AirFlite Inc., which sells and services private planes. Toyota Aviation executives have said they would consider starting a charter airline business and have not ruled out doing design and manufacturing work as well.

Press, 46, was senior vice president and assistant general manager of Southeast Toyota Distributors Inc., an independent distributor. He also has managed Toyota Motor Sales' Cincinnati and San Francisco regions and has worked at the headquarters.

Press will report to Toyota Motor Sales President Yuki Togo, an avid aviator.

— Kristine Steven Breese

Peugeot names service chief

LYNDHURST, N.J. — Peugeot Motors of America Inc. has named Serge Banzet president of its U.S. service operation.

Banzet, 43, was manager of a Peugeot-owned dealership in Strasbourg, France. He replaces Jean-Louis Saint Sevin, who has returned to France to become manager of subsidiary administration at Peugeot's Export Division.

3 trucks stung in U.S. crashes

WASHINGTON — The government's latest 35 mph crashes showed potential risk

of serious head injury in Chevrolet and Dodge pickups and the Chevrolet Sportvan.

The Chevrolet S10 pickup recorded "head-injury criterion" scores of 990 for the driver and 1,211 for the passenger in the National Highway Traffic Safety Administration's New Car Assessment Program. Scores below 1,000 indicate that serious head injury is unlikely.

The Dodge Dakota pickup had head-injury scores of 1,005 for the driver and 987 for the passenger. The Chevrolet Sportvan scores were 1,492 for the driver and 963 for the passenger.

The only car in the latest round of crashes, the Geo Metro, produced head-injury scores in the "unlikely" range. But the Metro's potential for injury to the driver's left leg was listed as possible.

— Max Gates

Volvo names Gyll president

GOTENBERG, Sweden — AB Volvo last week tapped the president of Procordia AB, the food and drug company it wants to merge with, as its new president.

Soeren Gyll will assume his new post May 13, replacing Christer Zetterberg, who will become Gyll's deputy. Gyll, 51, a marketing executive who has worked for Xerox and various steel and forestry companies, has little auto industry experience.

Volvo's car unit is the largest of its businesses, and it has lost money for the past five quarters. The company is in the midst of a cost-cutting and streamlining program.

Gyll described himself as "marketing oriented" and "used to restructuring companies."

Scheele to head Jaguar

COVENTRY, England — William Hayden, chairman and chief executive of Jaguar Cars Ltd., will retire tomorrow and be succeeded by Vice Chairman Nicholas Scheele, the company

announced late last week.

Hayden, 63, who joined Jaguar in March 1990 as chief executive, spent more than 40 years with Ford Motor Co., which owns the luxury carmaker.

Hayden was credited with beginning a turnaround at Jaguar, which had been wracked with quality and production efficiency problems. Jaguar was a major part of Ford's \$1.1 billion loss in Europe last year.

Hayden held several finance and manufacturing management positions at Ford of Europe before being named vice president of manufacturing for Ford of Europe in 1974.

Scheele, 48, was president of Ford of Mexico before joining Jaguar.

— The Associated Press

SE Toyota case ends in mistrial

An Alabama judge declared a mistrial in a case pitting a Toyota dealer against his distributor, Southeast Toyota Distributors Inc.

The trial ended after the plaintiff made statements about the wealth of Southeast Toyota owner James Moran of Deerfield Beach, Fla. In a pre-trial order, the judge said he would enforce a state law that says information about a defendant's wealth is irrelevant.

Moran's JM Family Enterprises controls a \$3-billion-a-year conglomerate built around distributing Toyota products in Alabama and four other states. Ivy Corp., a former Toyota franchise holder in Anniston, was suing the distributor for \$22.3 million for business practices that Ivy claims destroyed the business.

The suit is the second to come to trial among more than a dozen suits against the independent distributor. In another dealer suit against the Moran organization, a jury decided in favor of Toyota dealer Richard Beasley. Damages in that case are expected to be set this week.

— Lindsay Chappell

briefly

\$2.1 million is low for pay

The UAW can grumble, but General Motors Chairman Robert Stempel was among the ranks of the grossly underpaid in 1990. His \$2.1 million salary was 25 percent below the \$2.8 million going rate for his job at a company the size of GM. So says executive compensation expert Graef Crystal in a column appearing in the April 14 issue of *Financial World* magazine. Crystal is an adjunct professor at the University of California at Berkeley Business School. He said his study of past proxy statements found that the salary of GM's chief executive officer closely tracked the company's performance from 1979 through 1990. "When they say their prayers at night, GM's shareholders ought to put in a good word for Bob Stempel and they ought to pray that his pay rises from \$2.1 million a year to \$10 million," Crystal writes. "Because if it does, GM shareholders will make a bundle."

FIRST IMPACT? — Some people think GM is skirting the issue of when in the mid-1990s it will introduce its battery powered Impact car. Not true. The first car will be ready Friday, Jan. 6, 1995, at 3 a.m. PST, says Kenneth Baker, manager of GM electric vehicles. He offered the scoop at a March 5 speech in Los Angeles when he said, "We need the infrastructure ready by the time of the first car. That's only 25,000 hours away. . . . Let's start making every minute count."

NOT-SO-SMART — Smart cars designed by GM can steer drivers away from clogged roads, but an executive discovered to his chagrin last week that they can't avoid every obstacle. GM Vice President Robert Froesch climbed into one of 100 Oldsmobile Toronados fitted with computers, video screens and other equipment that monitors highway conditions and plots the most efficient course to a given destination. The Associated Press reports that moments later, he ran over an orange traffic cone inadvertently left in front of the car. "I believe it has been crushed," Froesch said. But Froesch eventually made it to downtown Orlando, Fla., in fine time, following directions dictated by a Swedish-sounding computer voice nicknamed "Sven" by GM engineers.

SEMI-CRAZY — Ford Division is acting a little like those TV advertisers who say, "We must be nuts to sell at such low prices." The loaded Ford Thunderbird that goes for less than \$16,000 in California may make its debut in other parts of the country. "We'll strongly consider doing it; we'd be semi-crazy not to do it," said Ross Roberts, general manager of Ford Division. Ford is testing the bargain-priced, fully loaded Thunderbird LX model only at dealerships in



Roberts: "We'd be semi-crazy not to."

California. Roberts said since the program began in January, Thunderbird sales in California represent 30 percent of all T-bird deliveries in the United States. Before the program, Californians bought 19 percent of all Thunderbirds. Roberts said he's studying the cost of the program and will discuss the possibility of a national rollout with members of the Ford Dealer Council.

correction

Lexus sales per dealer were listed incorrectly in a March 23 table. The correct figures are 531 in 1991; 608 in 1990; and 185 in 1989.

A JOINT REPORT BY AUTOMOTIVE NEWS AND ADVERTISING A

AUTOMOTIVE MARKETING

March 30, 19

WHERE

Exclusive J.D. Power survey

CAR MARKETERS

uncovers media shifts

ARE HEADED

and future direction

AUTOMOTIVE MARKETING

About this report

After a decade in which quality drove the automobile market and Detroit's Big 3 chased the Japanese, vehicles now are essentially at par, according to J.D. Power & Associates, the guru of customer satisfaction. Detroit needs to get that message to buyers. Japanese importers need to hold on to customers without the advantage of being patently superior. Europeans, caught in the crossfire, must retain their niches. For each, marketing is ever more essential.

To examine marketing tactics and trends for model years 1992 through 1996, *Automotive News* and *Advertising Age* commissioned J.D. Power to conduct a proprietary survey of top marketing executives at auto companies and their agencies. Then, nearly two dozen veteran reporters and editors were assigned the task of finding out more—in Chicago, Detroit, Frankfurt, London, Los Angeles, Nashville, New York and Tokyo.

Advertising Age and *Automotive News*, news leaders in their respective industries and sister publications within Crain Communications Inc., combined forces for this Special Report. Average paid circulation for *Advertising Age* is 85,163; for *Automotive News*, 77,820. The report is part of both publications; we hope you find it profitable.

From the survey:

- **Don't sell ragtops** in a blizzard, and other lessons in learning regional tastes. **S-4**
- **'Safety first'** is no longer a crash course when it comes to developing ad message. **S-4**
- **As carmakers** cut costs, nagging incentives should come under control by mid-decade. **S-8**
- **Attention to basics** and ability to follow through wins admiration for Toyota. **S-14**
- **Respondents expect** six auto account reviews in the next two years. **S-16**
- **Cross-media packages** are easy to covet but hard to connect. **S-22**
- **All signals** look green, as environment concerns move to the front. **S-34**

J.D. Power & Associates in November and December 1991 surveyed the top advertising executives at 33 automotive manufacturing or marketing companies and a similar number of high-ranking executives at ad agencies serving them. A total of 206 executives were contacted; 71 responded. Responses were anonymous, but they reflected the desired mix: just under half were from agencies and just over half were from marketers. Some 46% represented Asian nameplates, 30% work for the Big 3 and 24% work for European nameplates.

Also inside:

- **Ignore the whining;** Big 3 get the hint and are listening to the constituency. **S-8**
- **The young copywriters** behind the agency wheels of some 'hot car' ads. **S-14; S-30; S-42; S-44**
- **From Acura to Volvo,** a complete list of carmakers, their agencies and ad themes. **S-17**
- **After the disastrous '80s,** The General prepares for the counterattack. **S-24**
- **Critical auto issues** vary by location; we take a region-to-region pulse. **S-24; S-26; S-50; S-51**
- **In Europe,** image is everything or, as exec says, 'Lexus, Infiniti are fantastic but lack class.' **S-52**

Editorial credits

Edited by Adrienne Ward and designed by Geoffrey Shives, under the direction of Larry Edwards and Bill Diem. Chart work by Charlotte Winter, Martha Gratton and David Burhans. Cover photograph: Chris Minerva/Telephoto. Have a comment or question? Write or fax: Bill Diem, *Automotive News*, 1400 Woodbridge, Detroit 48207; Fax 313-446-0393, or Larry Edwards, *Advertising Age*, 740 Rush St., Chicago 60611; Fax 312-649-5331.

Inventing rules in unusual market

Tradition goes out the window as carmakers try anything to win in a 'replacement' category

By Raymond Serafin

Philip Guarascio's ideal marketing plan looks something like this: He'd park a General Motors Corp. vehicle in front of the home of anyone in the market for a new car or truck and hand over the keys for a trial spin.

"If I have a 70% assurance that you're going to buy a car in the next month, and I know you'll buy a compact sedan, and I have a fair shot at you [considering a GM product], then even though it would be expensive to get the car to your house, this could be the most efficient thing I could do," says Mr. Guarascio, GM's executive-in-charge of corporate marketing and advertising.

That sort of auto marketing isn't as farfetched as it might seem.

As auto companies and their agencies develop more information about consumers' buying patterns, lifestyles and media habits, the rifle-shot approach to marketing continues to grow—often at the expense of traditional media.

Strategies are in for a drastic change, according to an exclusive survey of key automotive marketing decision-makers conducted for *Automotive News* and *Advertising Age* by J.D. Power & Associates.

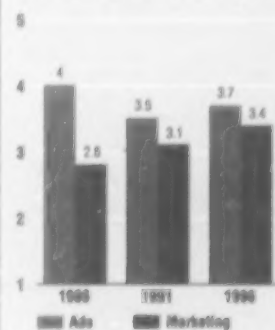
About three-fourths of automotive marketing dollars, excluding dealer and consumer incentive programs, are allocated to media placements, the sur-

vey found.

But while automakers per-

Marketing vs. ads

How effective are media advertising and marketing promotion? Respondents used a 1 to 5 scale (5 is most effective).



Source: J.D. Power and Associates

Marketing execs itch to fill the right niche

A veritable banquet of media choices awaits the forward-thinking car company

By John P. Cortez

As media choices multiply, automakers are picking their niches more than ever before.

According to the J.D. Power & Associates survey of automakers and their agencies, the use of niche media will continue to grow. Of those surveyed, 90% said niche media will be more important in the next five years, while 67.2% said mass media will grow less important.

Niche-media programs include direct mail, product-oriented videocassettes, rental cassette and movie theater commercials, "place-based" media in airports or grocery stores and advertising on computer information services such as Prodigy.

It's difficult to figure how much money automakers are devoting to niche-media programs in general. As one example, General Motors

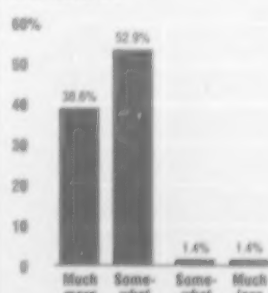
Corp.'s Buick division devoted about 40% of the ad budget for its Roadmaster launch to such an effort.

McCann-Erickson Worldwide, Troy, Mich., agency for Buick, used a technique dubbed "McMapping" to target 4,900 specific ZIP codes for a magazine buy last year, and more recently used an incentive program for the Buick LeSabre in which targeted magazine subscribers received an ink-jetted card offering them a free video for taking a test drive.

"McMapping" allows the marketer to better understand the individual consumer through a five-step process that comprises demographic and lifestyle analyses, synthesized and tested data, and details of consumers' media choices, says Karen Ritchie, senior VP-director of media services at

Database marketing, 1996

How important will it be? Percentage of respondents who answered ...



No answer: 5.7%
Source: J.D. Power and Associates

ceive media advertising as somewhat more effective than promotional efforts, they believe the differences have narrowed over the last five years and will continue to narrow in the next five years, according to the Power survey.

Automakers' changing strategies are blurring all the old distinctions in media. Advertisers and agencies are attempting to integrate various marketing tools, with less regard to fixed notions about the value of traditional advertising vs. disciplines such as sales promotion, direct marketing, event sponsorships and PR.

Influence budgets

At GM, marketing divisions don't have ad budgets; they have "consumer influence" budgets.

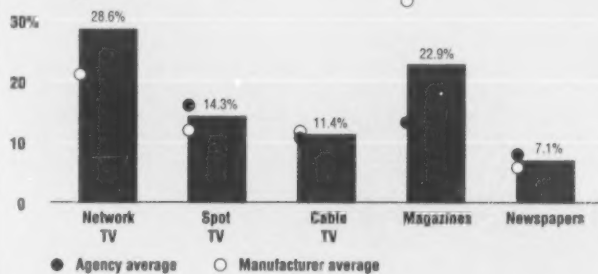
"The way we define media is that it's all the tools or processes that let us create a communications link with the consumer," says Mr. Guarascio. Delivering a test car to a prospect's door thus becomes a media tactic.

Similarly broad attitudes about media are becoming widespread through the auto industry.

"There isn't one simple rule that applies to our

Best return on investment

Percentage of respondents who said each medium offered the best return.



Source: J.D. Power and Associates

media strategy," says James Julow, manager-advertising and media relations at Chrysler Corp.

Several converging factors make it more important than ever that auto marketers effectively use media even as it becomes more complex to develop successful media strategies.

The U.S. auto market has exploded with competitors over the last decade. New brands entered the fray, among them Acura, Range Rover, Lexus, Infiniti, Saturn and Hyundai. Sterling came and went, a pattern Daihatsu is repeating. Peugeot dropped out, but new

dealer networks are being organized to sell the likes of Amati, Kia and even a street-legal version of the Hummer military vehicle.

600 to choose from

Many of the recent entrants are niche players, and the number of car and truck models has proliferated, totaling more than 600 now, according to some estimates.

Only a relative handful of models sell in large volumes anymore. In the mid-1960s, Chevrolet sold about 1.5 million Impalas in a single year. Last year's top selling vehicle was the Ford F-series pickup, at 442,311 units.

A mature, essentially replacement, market means a company can grow only by taking share from a rival; but now there are more rivals than ever to divvy up the share.

Confusion reigns

Meanwhile, more consumer choice also means more confusion.

All this is taking place as network TV rapidly loses its once overwhelmingly dominant position as an advertising medium. And TV itself now includes a fourth broadcast network plus cable TV.

New media possibilities have emerged, such as personal computers, home videos and out-of-home media that reach consumers in places such as airport terminals, doctors' offices and health clubs.

"You just don't have the Beav and Ward and June watching TV together from 8 to 11 prime time," says Tom Somerset, senior VP-director of marketing services in the Santa Ana, Calif., office of Foote, Cone & Belding, agency for Mazda Motor of America. "You have to identify the prospects and follow them through the day."

Traditional media still figure importantly in auto mar-

keting plans, but they're being looked at in non-traditional ways.

A media switch

"We're really looking at far more targeting and less use of media in a mass way. It doesn't mean we won't use mass media, but we'll use it in a more targeted way," says Richard O'Connor, chairman-ceo of Lintas:Campbell-Ewald, Warren, Mich., agency for GM's Chevrolet division.

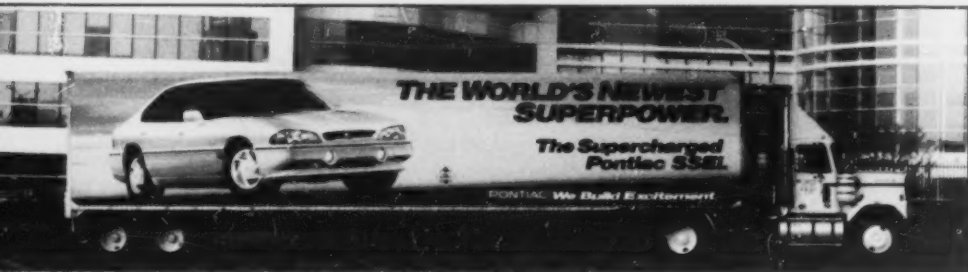
The old cost-per-thousand standard for buying media has been reinterpreted as databases enable marketers to pinpoint how to reach specific prospects.

"We no longer look at gross households. What we look at is the targeted cost," says Chrysler's Mr. Julow. "If you have great confidence in what you know, it can wildly change the CPM."

Chrysler, which is re-examining its media strategy, is considering dropping out of prime-time network TV advertising because other media offer more targeted audiences, says John Damoose, VP-marketing.

Ford Motor Co.'s Ford Division and its agency, J. Walter Thompson USA, De-

(Continued on Page S-40)



Cross-country tractor-trailers are fair game for General Motors ads.

McCann-Erickson.

"What comes out," she says, "is a scope that is much broader than 'Do I use cable TV to reach this target?'"

One reason for the growth in niche media is that accountability methods have improved somewhat. Accountability and evaluation are an important aspect of niche marketing.

"There's been a tremendous increase in accountability the last four or five years—it means knowing what works and why, and what things don't work, and why," says GM's Philip Guarascio, executive-in-charge of corporate marketing and advertising. "A lot of our efforts have been directed at understanding the value of [media] tools, creating situations and defining what the mix should be."

"If you look at GM bud-

geting from a share standpoint," he continues, "non-traditional media are increasing at a faster rate [than in the past]."

Not all automakers are accepting the accountability of niche media, however.

"One of the inherent problems with niche-marketing opportunities is evaluation," says Joseph Caponigro, senior VP-director of media services at Dodge agency BBDO Worldwide, Southfield, Mich. "We can 'guesstimate' numbers, but it is difficult to ascertain audience measurement."

A positive price/value relationship must be demonstrated for a company to invest in a niche medium, says Robert Mancini, senior VP-director of media services at J. Walter Thompson USA, Detroit, agency for Ford Motor Co.'s Ford Division.

"Sometimes you're willing to pay a premium to get a very specific audience that has a much higher propensity to buy your product in an environment that you can't get anywhere else," he says. "For a mass marketer,

it makes sense to target for a specific product, but it won't be done at the expense of the mass media budget."

Evaluating the success of a niche-media buy from sales figures is "futile," says Ben Hilverda, director-marketing for Audi of America.

The European auto importer, which also uses a ZIP code-targeted magazine schedule, includes a toll-free number in its advertising to measure response. For the launch of the Audi 100, the 800 line received 60,000 calls in six weeks.

Despite its increased significance, niche media

haven't captured all marketers' affections.

Ford Motor Co. was among the first automakers involved in both the Checkout Channel, an in-supermarket, place-based medium run by Turner Broadcasting System and Prodigy, the joint-venture, on-line computer service of IBM Corp. and Sears, Roebuck & Co. But the automaker won't be spending significant portions of its ad budget on niche media in the near future, says John Vanderzee, advertising manager for Ford Division.

"Home video advertising, doctors' offices, Airport Channel, grocery stores—we've had proposals from everyone," says Mr. Vanderzee. "We have yet to find one that makes a lot of sense to us. People sitting in an airport waiting for a flight, [or] at a supermarket checkout counter, they're not looking at it, from what we can see. It's not conducive to what they want to do. They want to get out of that line as quickly as they can."

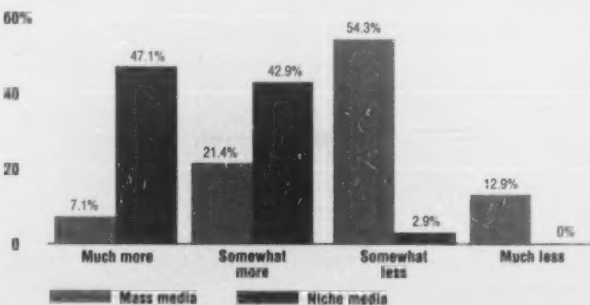
"Niche media can go all the way to toilet stalls," he says. "I can tell you we'll probably not get involved in any of it."

Many industry observers

(Continued on Page S-40)

Mass vs. niche media, 1996

How important will each be? Percentage of respondents who said...



Mass Media, No answer: 4.3% Niche Media, No answer: 7.1%

Source: J.D. Power and Associates

Don't sell ragtops in a blizzard

In battle for share, carmakers acquire a feeling for regional tastes

By Raymond Serafin
and Cleveland Horton

When Ford Motor Co.'s Ford Division began its regional test last fall of a one-price/one set of options strategy for Escort, it equipped the cars with air conditioning, AM-FM stereo radio and rear-window defroster.

But dealers and marketing officials in the Southeast wanted different options to suit their buyers' preferences, and Ford, traditionally slow to adapt to regional change, went along with it.

Hence, the \$9,995 Escorts bound for the Southeast were given a cassette player instead of the defroster that went in those bound for the West and Northeast.

"That was seen as a better value in that area," says Keith Magee, Ford Division's

general marketing manager. That also illustrates one of the growing trends in automotive marketing—the regionalization of approaches involving product, communi-



Because "Texas is a huge market for Suburbans," regional Lintas/Campbell-Ewald ads hail it as "the national car of Texas."

all media in the 1992 and 1993 model years, according to the Power survey, conducted exclusively for Advertising Age and Automotive News.



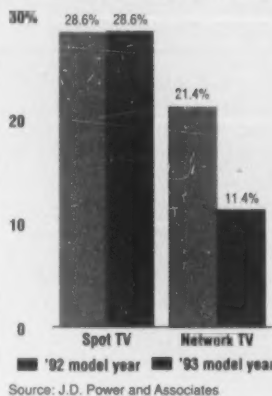
"In hard times, marketers don't want to make as many long-term commitments," he says. "With spot TV, they don't have to make a buy three or six months ahead, and they can pinpoint customers in specific markets very efficiently."

Automotive advertising typically consists of three tiers: The manufacturer or importer produces national advertising; individual retailers handle their own advertising, usually oriented heavily to price; and somewhere in between, dealers for a particular brand in a given area pool funds, usually with factory help, to create advertising that's usually promotion-oriented and runs on broadcast outlets that most individual dealers can't afford to use.

Variations on how regional ad groups operate have

Network vs. spot TV

Percentage of respondents who said the biggest relative increase in their budget would go to...



cropped up recently, and in some cases a distinctly separate new tier of regional advertising has begun to appear, as marketers get down to a market-by-market slugfest for share.

Some of the technology developed in the 1980s allowed (Continued on Page S-42)

'Safety first' ad thinking no longer a crash course

By Joseph Bohn

For decades, the idea that "safety doesn't sell" rang through automotive marketing circles—because safety didn't sell.

Ford Motor Co. unsuccessfully tried marketing "safety packages," including seat belts offered as a \$20 option, in the early '60s. In 1974, General Motors Corp. found few takers

for its first airbags.

Even as recently as a few years ago, consumers worried about airbags going off accidentally or hitting them in the face, says Bob Gillooly, Ford Division car advertising manager.

Today they're prominent in auto ads, as safety has become an integral part of the industry's pitch to a receptive audience of aging baby boomers.

According to the Automotive News/Advertising Age J.D. Power & Associates survey, about 43% of executives at the Big 3 automakers and their agencies say safety messages will become much more important over the next five years.

Asian and European carmakers agree, though not as strongly (25% and 30%, respectively, said it would be much more important).

Safety messages are widespread already. Some examples:

■ Volvo Cars of North America, one of the earliest and strongest safety promoters, quotes a man who attributes his survival of an accident to his wife's Volvo in a TV spot created by Messner Vetere Berger Carey Schmetterer,

New York, part of an extensive campaign. "There are certain moments when your entire world becomes crystal clear," says the advertising.

■ Saturn Corp. also is running an ad via Hal Riney &

rance, Calif.

■ Ford Division is capitalizing on the availability of dual airbags. It features two side-by-side airbags in its ad campaign for Taurus and is also promoting airbag availability in its Econoline and Club Wagon ads.

■ General Motors is focusing on anti-lock brakes. A new low-cost system has enabled GM to put them in 49 of its 57 car and light-truck lines.

Safety is an especially big

of consumer marketing.

Safety is also more important to older people. Thus, full-size and family cars such as Crown Victoria, Chevrolet Caprice and Olds Ninety Eight and Eighty Eight play it up more extensively than do smaller, sportier models.

But the proliferation of safety messages concerns some automakers.

Chrysler, which standardized airbags on all cars built in the 1990 model year, isn't playing them up as much as it once did because they're no longer as distinguishing. It only promotes them whenever they convey an advantage.

With so many auto manufacturers promoting safety, Volvo last year commissioned its then-new ad agency, Messner Vetere, to find out whether safety should still be its marketing theme.

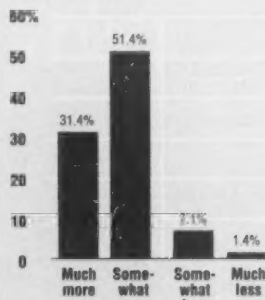
The research showed safety to be the most important consideration for Volvo buyers, says Bob Austin, director of communications. But it also showed that many non-Volvo buyers believed all cars were equally safe.

That has led the company to fight what Mr. Austin calls "overly simplistic" safety pitches.

Despite its concerns about competitors' safety messages, Volvo is running another campaign that says: "An airbag is only as good as the car it's attached to." □

Safety messages, 1996

How important will they be? Percentage of respondents who answered...



Ford ads from J. Walter Thompson USA promote side-by-side airbags in Taurus and note Ford's No. 1 position in sales of vehicles with airbags.

Partners, San Francisco, that talks about favorable word-of-mouth publicity from an accident survivor.

■ Toyota Motor Sales USA offers the "43 Best Reasons" for driving a Previa minivan—its conformity to 43 federal car safety standards—in a campaign handled by Saatchi & Saatchi DFS/Pacific, Tor-

concern to women, who now buy nearly half of all vehicles, automotive marketers say.

Women relate items like power door locks to safety because "in a bad situation it gives them control. They can make sure all the doors lock quickly," says Karen Ebben, Oldsmobile division director

Incentives stay put—at least until the mid-'90s

As carmakers cut costs, that most nagging facet will come under control

By Arlena Sawyers

Automakers want to break away from incentives, but they can't kick the habit.

J.D. Power & Associates found that 77% of auto and agency executives believe incentives will be less important by 1996.

The survey also showed that executives predict a steady decline in dollars allocated to incentives through the 1993 model year.

For the time being, however, the parade of incentives continues. About 90% of the cars and trucks marketed in the U.S. offer incentives averaging \$1,498 each, says Suzanne Kinsler, managing director of Autofacts Inc., an automotive information, research and planning consultancy.

Using her figures, the industry spent about \$16.5 billion on consumer and dealer incentives last year.

Susan Jacobs, president of Jacobs Automotive, a marketing forecasting and planning agency, attributes the current glut of incentives to the recession and excess production capacity.

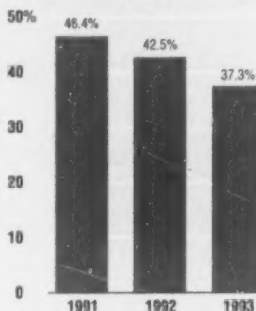
But she predicts automakers will be able to move away from incentives by mid-decade.

How? She thinks General Motors Corp.'s plans to eliminate 74,000 jobs, coupled with an expected economic recovery, will mean fewer and less bountiful incentives by the mid-1990s.

"Incentives readjust prices to market clearing level," Ms. Jacobs says. "By 1994 or 1995, GM's excess capacity will be gone; with a strong recovery that will eliminate blanket incentives. After that, incentives will be more of a tactical move."

Rebates, 1991-1993 model years

How much of their marketing budget will respondents devote to rebates and incentives?



Source: J.D. Power and Associates

Rick Lepley, VP-sales and marketing at Mitsubishi Motor Sales of America, agrees there is no way incentives can remain at current levels.

"When you look at the losses, they can't continue to incentivize at the same levels," he says.

Several automakers already have managed to move away from incentives, while others have disguised them. American Honda Motor Co., for example, offers the least generous incentives among non-luxury car marketers, averaging less than \$500 per unit, according to Autofacts.

Volkswagen U.S. got out of the customer rebate business about two years ago and recently started an innovative consumer payment protection program.

Under the program, VW agreed to pay its customers' car and insurance payments for up to a year if they are laid off from their jobs.

Marketing Director David Schembri says he sees an end to "meaningless" incentives, not because of an economic recovery but because consumers see right through them.

He believes value-added incentives will become more popular with marketers in the 1990s.

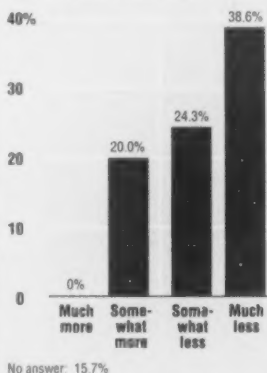
"Customer rebates are almost an admission that the vehicle is not worth the sticker price," he says. "Consumers are smart, well-read and exposed to the industry. They are seeing through offers that don't have meaning."

Image-conscious importers of European luxury cars seldom offer cash directly to the consumer. Instead, they direct cash to the dealer or offer special cut-rate loans or leases to the consumer.

Last year, Rolls-Royce Motor
(Continued on Page S-12)

Rebates, 1996

How important will rebates and incentives be? Percentage of respondents who said...



No answer: 15.7%

Source: J.D. Power and Associates

Detroit's finally learning the hard lessons

Ignore the whining; Big 3 get the hint and are listening to the constituency

By Joseph M. Winski

In this recession—as in the one a decade ago—automakers have emptied their gimmick bags.

They've adopted, cursed, sworn off and again adopted rebates. They've tinkered with warranties and financing deals (less critical this time because interest rates are so much lower).

COMMENTARY

Detroit has again blamed the Japanese for its problems, going so far this time as to send the U.S. president and Big 3 honchos to Tokyo to bash and beg at the same time.

But the sound and fury of the short-term stunts and constant carping obscure what may be the beginnings of fundamental change in the way Detroit markets cars.

Lacking total marketing

Eight decades after Henry Ford told Americans they could have the Model T in any color they wished as long as it was black, U.S. automakers are finally getting it: What the consumer wants does matter.

They're learning this from the masters of understanding the U.S. customer, Japanese carmakers, who have proven to be as savvy at marketing as they are at production.

"There are spots where I see some signs of real improvement" in Detroit's marketing approach, says Laurel Cutler, worldwide director of marketing and planning at Foote, Cone & Belding, New York, and former Chrysler Corp. VP-consumer affairs.

Though the Big 3 together spent \$2.65 billion on advertising last year, not to mention rebates and other costly promotions, advertising and promotion are but a small part of total marketing. In the basic sense of marketing, which starts with consideration of the consumer, "Detroit has not marketed at all," Ms. Cutler says.

In addition to producing inferior cars—its most grievous marketing sin—Detroit long had a production/finance orientation that blinded it to emerging consumer wants, causing it to miss promising market niches. These lapses range from failing to provide quality small cars during the gasoline shortages of the

1970s to ceding much of the luxury car market in the 1980s, first to German companies and then to up-scale Japanese models like Toyota Motor Corp.'s Lexus and Honda Motor Co.'s Acura.

The Big 3 insist they're no longer giving marketing short shrift. Like the best Japanese companies, the Big 3 say, they're integrating marketing into the product development process early on and listening to what marketers and consumers have to say every step of the way.

Chrysler, which last year suffered the embarrassment of dropping to fifth in U.S. car sales behind Honda and Toyota, is making the most public proclamations of reform.

In ad spreads signed by Chair-

■ Power survey respondents rate Toyota tops in marketing—Page S-14.
■ GM's massive remodeling and how marketing fits in—Page S-24.

man Lee Iacocca, the company boasts it has done nothing less than "reinvent" the way it makes cars. "And what drives the system is the voice of the customer," the ad claims.

Fewer ooohs-and-aahs

That represents a sea change for Detroit. It has been practically a U.S. automaker tradition to build the cars they wanted and complacently stand back to watch consumers oooh-and-aah at the annual new-model debuts.

Early attempts by the Japanese to crack the market, such as Toyota with its dismal Toyopet in the 1950s, only heightened Detroit's sense of invulnerability.

But as Philip Kotler, Northwestern University marketing professor, has documented in his 1985 book, "The New Competition," Toyota was learning from its mistakes.

Encouraged by the Japanese government, which singled out automobiles as one way to build a strong export-based economy, Toyota spotted room for well-made, reliable small cars. When the 1974 Arab oil embargo hit, Toyota—and to a lesser extent Honda and Nissan Motor Co.—were ready to please a market suddenly clamoring for good, fuel-efficient vehicles.

Detroit, stuck with acres of big cars it couldn't sell, shrugged. Pure luck, it said of the Japanese suc-
(Continued on Page S-44)

Dartboard dealin' hits target

By Arlena Sawyers

Even as they vow to move away from incentives, automakers are constantly looking for ways to strengthen their programs so they stand out from the crowd.

Several car companies have found some marketing muscle in regional incentives.

Among them is Mitsubishi Motor Sales of America, which largely shuns national incentives. Rick Lepley, VP-

sales and marketing, says the company leaves most incentive decisions to its five regional managers because they know their markets better than anyone else.

For instance, Mitsubishi's Northeast region often puts

its most generous incentives on Galant, popular with lower-middle-income buyers in that area. The Southeast and Southwest regions usually put their incentive might behind pickups, which are favorites in those areas.

To attract a certain kind of customer, many manufacturers offer narrowly defined discounts as well.

General Motors Corp., for example, offers \$400 rebates to military personnel and military spouses who buy or lease eligible GM cars and trucks. A Buick ad in the October/November issue of *Modern Maturity* included a coupon worth \$400 off the price of any Buick to consumers age 50 and older.

In addition, automakers often offer a special discount to their own customers or owners of competitive models. Earlier this year, owners of Ford Motor Co. vehicles were eligible for \$1,000 rebates if they purchased certain full-size models.

But not every incentive comes in the form of cash.

Subaru of America took some money it used to spend on incentives and added extra standard equipment to its 1992 Legacy. The least expensive 1992 Legacy, \$12,999 with a \$500 built-in rebate, now has power windows and locks, air conditioning and a stereo cassette player as standard. That makes the 1992 model \$1,420 less expensive than a similarly equipped 1991 model.

Mazda Motor of America is running a similar program. It offers a \$1,000 rebate plus either free air conditioning or free automatic transmission on 1992 Protege, 626 and MX-6 cars.

Chris Wackman, Subaru VP-marketing, says such programs give consumers value for their money.

"The customer feels that he's buying value, not just the best rebate," says Mr. Wackman. □

Incentives

(Continued from Page S-8)

Cars and Jaguar Cars disguised incentives as offers to pay the luxury tax.

Importers of Audi, Saab and Nissan Motor Corp. USA's Infiniti division give their customers a break with cut-rate leasing. Such deals often cover all scheduled maintenance, all for less than a regular loan payment.

There are even signs that the biggest sellers are struggling to move away from customer rebates, too.

In February, Ford Motor Co. and Chevrolet reduced incentives on some models. These don't quite signal the demise of Detroit's addiction to incentives, but at least automakers are trying. □

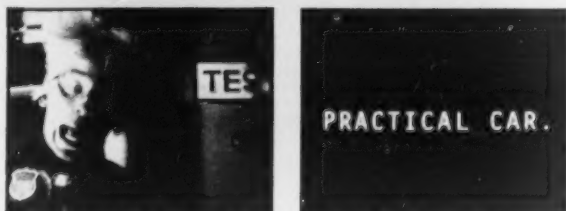
TNN: The Nashville Network
has more **Live** motorsports
events than ever before!
With Winston Cup and
Busch Grand National
racing, **Live**.
If you want to reach the
most motorsports fans
where they live, no one
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Who did that ad?

The young copywriters behind the agency wheels of some hot cars.



The blatant "subliminal" ad touch carried off the dual personality of the Toyota Paseo.

Writer sporty—and practical

Leisa Odom is having fun in the male-dominated world of automobile advertising.

The 30-year-old copywriter at Saatchi & Saatchi DFS/Pacific, Torrance, Calif., scoffs at the notion that guys are more mechanical and better suited to complex issues like the internal combustion engine.

"That's crap. I grew up on a farm. Go to my house and see who rewires the electrical sockets and hooks up the VCR. I do, my boyfriend doesn't."

She knows her way around a car, too. "I grew up changing my own oil. I can change a flat and I can do that kind of stuff. I wouldn't say I'm a buff, but I certainly can get by and I drive a sports car."

Being female hasn't held her back while working on Saatchi's Toyota account. "I don't let that interfere. It's not a plus or a minus either. If you get the best idea, the best person wins," she says.

Ms. Odom was the writer on the campaign that used an edge of subliminal advertising to introduce the Paseo as both a practical and sporty little car.

"It was a wonderful opportunity with the launch," she says. "We had to create a personality for this car and it was a perfect demographic

for an irreverent tonality. And we did that. I think it's been very successful in positioning the car."

The TV commercials have been well received, and one of the spots won a Mobius award from the U.S. Festivals Association.

"My head has swollen up a lot since the Paseo [campaign broke]. It's made me feel great because some of the comments I've gotten have been unsolicited. I had a couple of people walk up to me in the gym. They knew I worked in advertising and they asked if I'd seen the new Paseo stuff. They didn't know that I wrote it."

Now she's hooked on car advertising.

She applied for work on the Toyota account about a year ago, while working in Saatchi's New York office.

"I wanted to get a wide body of work. I always thought cars would be kind of hard, but fun, too. I came out [to California] for six months and liked it so much I begged to stay. I chained myself to my furniture and they said OK." □

—Jon Lafayette

Toyota takes a bow in survey

Attention to basics and ability to follow through wins competitor admiration

By Cleveland Horton

It's hard to quibble with success.

When asked to identify the most outstanding automotive marketer, most automaker and agency executives name Toyota Motor Sales USA.

The leading Asian importer received top marks in four of five specific marketing areas, according to the exclusive J.D. Power & Associates survey conducted for *Automotive News* and *Advertising Age*.

Those marks represent a surprising consensus in the highly competitive industry. Survey respondents couldn't nominate their own or their client's brand.

Industry envy

The results highlight the auto industry's envy of Toyota's formidable marketing machine. Additionally, Toyota's Lexus division was named No. 1 in terms of creative (see chart below) and No. 2 behind Toyota in its use of media and promotions.

Toyota's advertising is handled by Saatchi & Saatchi DFS/Pacific, Torrance, Calif., while the advertising for Lexus is from Team One, El Segundo, Calif., a Saatchi subsidiary created to handle the new division.

Agency consistency could be one factor in Toyota's high rating; the Japanese import basically has had but two ad agencies since its U.S. introduction in 1958. Its first agency was Clinton E. Frank Inc., a Chicago-based agency, and the account was moved to the larger Dancer-Fitzgerald-Sample in 1975. Dancer was acquired by London-based Saatchi in 1986 and soon merged with Compton Advertising under the Saatchi name.

Toyota "overall has as much marketing [staff] as does Ford or Chrysler," says George Peterson, president, AutoPacific Group, a consultancy.

"They are the Philip Morris of the automotive industry," says Larry Postaer,



Toyota is putting massive advertising support behind its Camry midsize sedan, devoting \$120 million to push the car.

principal and exec VP-creative director, Rubin Postaer & Associates, Los Angeles, agency for American Honda Motor Co.

Models linked

But unlike the cigarette and package-goods marketer, Mr. Postaer adds, Toyota links many of its ve-

hicles to a single brand.

"Because their truck and car [advertising] is so tied together, unlike anyone else, they benefit strongly from that. They're omnipresent."

High awareness

Indeed, Toyota's "I love what you do for me" tagline, used for both cars and trucks and now going into its third year, led to high awareness and "the whole mystique of the brand," says Bill Hagelstein, exec VP-general manager, Foote, Cone & Belding, Santa Ana, Calif., which handles Mazda Motor of America.

While most automotive marketers have focused on saving money during the current recession, Toyota has been able to dig deep into the pockets of its corporate parent to make sure every aspect of a marketing program is covered.

"From everything we can tell," Mr. Peterson says, "they have determined what the attributes are to do very solid marketing programs for their product... When they decide to market a car, they check all the boxes. If something is necessary, they'll invest to make sure that that happens."

In the area of promotions, Toyota is aggressive in its "sale-a-thons," supporting them with heavy advertising as well as enticing rebates.

In the Power survey, auto executives named Toyota No. (Continued on Page S-48)

Which brand does best

Respondents were asked to list the manufacturer other than themselves/their clients that is most outstanding in specific areas. Type size indicates support relative to winner in each category.

	No. 1	No. 2	No. 3
Use of media	Toyota	Lexus	General Motors Chevrolet Honda
Promotions	Toyota	Lexus Nissan Chrysler	General Motors Ford
Creative	Lexus	Honda	Mercedes-Benz

Source: J.D. Power and Associates

Shops better look over their shoulders

Expect six auto account reviews in two years: Survey

By Jon Lafayette

Ad agencies looking for a car account should keep their motors running.

The J.D. Power & Associates survey conducted for

Automotive News and *Advertising Age* shows 14.3% of auto executives said an agency review is very likely within the next two years.

Another 7.1% said a review is somewhat likely, leaving 62.9% very unlikely and

11.4% somewhat unlikely to have a review. The remaining 4.3% had no answer.

While 7.1% and 11.4% might seem small, the percentages are significant because they indicate six of the roughly 30 major automobile

ad accounts in the U.S. could be up for review in the next two years.

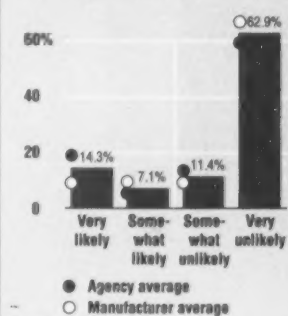
More musical chairs

That would rival the wheel-spinning pace with which carmakers have been playing musical chairs with ad agencies over the past year.

During that time, Subaru of America moved from Levine, Huntley, Vick & Beaver, New York, to Wieden & Kennedy, Portland, Ore.; American Isuzu Motors went from Della Femina, McNamee, Los Angeles, to Goodby,

Will agency be reviewed?

Percent of respondents who believe that within two years, a review of their agency is...



No answer: 4.3%
Source: J.D. Power and Associates

Our readers do more than window shop.

1992 Chicago Sun-Times Newspaper Network

Category	Sun-Times Newspaper Network	Daily Tribune
Adults in household buying a new car in past 2 years	763,200	561,100
Coverage.....	47.8%	35.2%
Sticker price of last new vehicle purchased		
\$10,000-\$19,000	1,239,700	894,100
Coverage.....	51.1%	36.9%
\$20,000 or more	155,400	126,900
Coverage.....	44.9%	36.7%
Adults in households currently leasing a car	202,200	144,000
Coverage.....	50.1%	35.7%
Total adult readers	2,641,100	1,831,700
Coverage.....	48.1%	33.3%
Income \$50,000+	879,100	816,900
Coverage.....	47.1%	43.7%

In the six-county Northeastern Illinois NICA, there's a big, bright new window of opportunity for automotive advertisers--the Sun-Times Newspaper Network, made up of Chicago's number one selling newspaper and 57 paid suburban papers (38 Pioneer Press and 19 Star newspapers). In every key category, we outdistance the daily Tribune by miles. (Just read the numbers above to see just how broadly that claim sticks.)

Options? We give you over 30 buying combinations, so that you can reach any target-marketing destination. Ease of handling? Just one insertion order, one invoice, one piece of artwork and one sales representative gets you there, without ever once shifting gears. So call Nick Paloumpis at 312/321-2950 and roll out your campaign where it covers the most territory and gets the best budget mileage.

Source: 1991 Scarborough Report - Chicago NICA

The Sun-Times Newspaper Network

We've rewritten the lead in the Chicago area

Berlin & Silverstein, San Francisco; Volvo Cars of North America from Scali, McCabe, Sloves to Messner Vetere Berger Carey Schmetterer, both New York; and Mercedes-Benz of North America drove to Scali, McCabe, Sloves from McCaffrey & McCall, also New York.

These changes represent the shift of about \$270 million in car ad billings. That's a lot of hubcaps.

Since the survey was done, Jaguar Cars put its \$15 million-to-\$20 million account up for review. Yugo America was already in the process of selecting a new agency, and Kia, a Korean carmaker, is looking for a shop to introduce its products to the U.S.

No room for security

As the auto industry struggles with the recession, it's not surprising so many agencies have lost auto accounts. And since the economy still hasn't picked up, the agencies that survived 1991 shouldn't feel too secure.

Ad agency executives think imports are the most likely car accounts to go up for review in the next year. BMW of North America and Nissan Motor Corp. USA's Infiniti division are among the marques most frequently mentioned, either because of poor results in the marketplace or instability at the agency.

But the big money is in Detroit. Some agency executives believe domestic automakers ought to shake up their agencies, but they aren't so sure the stranglehold longtime Detroit shops have on the business can be broken.

Jerry Della Femina, chairman of Della Femina, McNamee, looking for a car account after losing Isuzu, (Continued on Page S-30)

RESOURCE CENTER

A comprehensive guide to auto marketers, their agencies and current advertising themes.

ACURA

Ad agency: Ketchum Advertising, Los Angeles
Since: 1986
Ad theme: "Acura. Precision crafted performance."
Since: 1986



ALFA ROMEO

Ad agency: Ross Roy Inc., Bloomfield Hills, Mich.
Since: 1989
Ad theme: "The legendary marque of high performance."
Since: 1990

AUDI

Ad agency: DDB Needham Worldwide, Troy, Mich., and Chicago
Since: 1989
Ad theme: "Take control."
Since: 1991

BMW

Ad agency: Ammirati & Puris, New York
Since: 1975
Ad theme: "The ultimate driving machine."
Since: 1975
Direct marketing agency: Orsatti & Parrish, Boston
Since: 1991

CHRYSLER CORP. Chrysler Corporate

Ad agency: Bozell, Birmingham, Mich., and New York
Since: 1979
Ad theme: "Advantage: Chrysler" and "In the car business, you lead, follow or get out of the way."
Since: 1990; 1992

Corporate minority advertising

Ad agency: Lockhart & Petus, New York
Since: 1987

Chrysler corporate and divisional merchandising (except for Jeep/Eagle)

Ad agency: Ross Roy Inc., Bloomfield Hills, Mich.
Since: 1926

Chrysler brand

Ad agency: Bozell, Birmingham, Mich., and New York
Since: 1979
Ad theme: "The perfect balance between self-indulgence and common sense." and "Advantage: Chrysler."
Since: 1991; 1990

Plymouth

Ad agency: Bozell, Birmingham, Mich., and New York
Since: 1979
Ad theme: "Plymouth. Intelligent machines" and "Advantage: Plymouth."
Since: 1991; 1990

Dodge

Ad agency: BBDO Worldwide, Southfield, Mich.
Since: 1982
Ad theme: "Advantage: Dodge."
Since: 1990

Jeep

Ad agency: Campbell-Mithun-Esty, Southfield, Mich.
Since: 1980
Ad theme: "There's only one Jeep" and "Advantage: Jeep."
Since: 1990 (both)

Eagle

Ad agency: Campbell-Mithun-Esty, Southfield, Mich.
Since: 1987
Ad theme: "Advantage: Eagle."
Since: 1990

DAIHATSU

Ad agency: Kresser/Craig, Los Angeles
Since: 1988
Ad theme: "It's how we make them."
Since: 1990

FERRARI

Ad agency: Hank Forssberg Advertising, Hackensack, N.J.
Since: 1979
Ad theme: "The tradition continues."
Since: 1989



FORD MOTOR CO.

Ford Corporate

Ad agency: Wells Rich Greene BDDP, Detroit and New York
Since: 1979
Ad theme: "Quality is Job One. It's working."
Since: 1981 for "Quality is Job One." The "It's working" was added in 1992.

Ford

Ad agency: J. Walter Thompson USA, Detroit
Since: 1945
Ad theme: (car): "Have you driven a Ford lately?" (truck): "The best never rest."
Since: (car): 1983 (truck): 1990

Lincoln

Ad agency: Young & Rubicam, Detroit
Since: 1979
Ad theme: "What a luxury car should be."
Since: 1984
Direct marketing agency: Y&R/Wunderman Worldwide, Detroit.
Since: 1981

Mercury

Ad agency: Young & Rubicam, Detroit
Since: 1979
Ad theme: "All this and the quality of a Mercury."
Since: 1989
Direct marketing agency: Y&R/Wunderman Worldwide, Detroit.
Since: 1981

Lincoln-Mercury minority advertising

Ad agency: UniWorld Group, New York
Since: 1986

GENERAL MOTORS

Buick

Ad agency: McCann-Erickson Worldwide, Troy, Mich.
Since: 1958
Ad theme: "Buick. The new symbol for quality in America."
Since: 1990

Cadillac

Ad agency: D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.
Since: 1935
Ad theme: "Until now."
Cadillac Seville: "Until Seville."
Since: 1991
Sales promotion/Direct marketing agency: DMB&B PR, Intergroup Marketing & Promotions, both Bloomfield Hills, Mich.
Since: 1982

Chevrolet

Ad agency: Lintas:Campbell-Ewald, Warren, Mich.
Since: 1921
Ad theme: (cars) "Heartbeat of America." (trucks) "Heartbeat of America" and "Like a rock."
Since: (cars) 1986, (trucks) 1986; 1991
Sales promotion/Direct marketing: Lintas: Marketing Communications
Since: 1921

Geo

Ad agency: Lintas:Campbell-Ewald, Warren, Mich.
Since: 1989
Ad theme: (car) "Get to know Geo."
Since: 1989
Sales promotion/Direct marketing: Lintas: Marketing Communications
Since: 1989

GMC Truck

Ad agency: McCann/SAS, Troy, Mich.
Since: 1990
Ad theme: "The strength of experience."
Since: 1991

Oldsmobile

Ad agency: Leo Burnett USA, Southfield, Mich., and Chicago
Since: 1967
Ad theme: "The power of intelligent engineering."
Since: 1991

Pontiac

Ad agency: D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.
Since: 1934
Ad theme: "Things are different. Pontiac are better."
Pontiac Bonneville: "A higher level of excitement."
Pontiac Grand Am: "A new kind of excitement."
Since: 1992
Sales promotion/Direct marketing: DMB&B PR, Intergroup Marketing & Promotions, both in Bloomfield Hills, Mich.
Since: 1982, for both



Saturn

Agency: Hal Riney & Partners, San Francisco
Since: 1988
Ad theme: "A different kind of company. A different kind of car."
Since: 1990



GM Corporate:

Ad agency: N W Ayer, Detroit; D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.; McCann-Erickson Worldwide, New York, for consumer market development
Since: 1973 (Ayer); 1965 (DMB&B); 1990 (McCann)
Ad theme: "Putting quality on the road."
Since: 1990

Corporate minority advertising

Ad agency: The Mingo Group, New York
Since: 1987

HONDA

Ad agency: Room Postal & Associates, Santa Monica, Calif.
Since: 1974
Ad theme: None.

HYUNDAI

Ad agency: Backer Spielvogel Bates, Irvine, Calif.
Since: 1985
Ad theme: "Hyundai. Yes, Hyundai."
Since: 1990

INFINITI

Ad agency: Hill, Holliday, Connors, Cosmopolis, Marina Del Rey, Calif.
Since: 1988
Ad theme: "Infiniti. Makes you feel like driving again, doesn't it?"
Since: 1991

ISUZU

Ad agency: Goodby, Berlin & Silverstein, San Francisco
Since: 1991
Ad theme: "Practically/Amazing"
Media buying service: SFM Media Corp., New York
Since: 1991

JAGUAR

Ad agency: Geer, DuBois, New York (in review)
Since: 1986
Ad theme: "The best Jaguars ever built."
Since: 1991

LEXUS

Ad agency: Team One, El Segundo, Calif., unit of Saatchi & Saatchi DFS/Pacific
Since: 1987
Ad theme: "The relentless pursuit of perfection."
Since: 1989

LOTUS

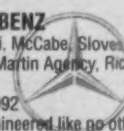
Ad agency: McCann-Erickson Worldwide, New York
Since: 1987
Ad theme: "For the few who know the difference."
Since: 1997

MAZDA

Ad agency: Foote, Cone & Belding, Irvine, Calif.
Since: 1972
Ad theme: "Mazda. It just feels right."
Since: 1989

MERCEDES-BENZ

Ad agency: Scali, McCabe, Sloves, New York (national); The Martin Agency, Richmond, Va. (regional)
Since: March 1992
Ad theme: "Engineered like no other car in the world."
Since: About 1975



MITSUBISHI

Ad agency: Grey Advertising, New York and Fountain Valley, Calif.
Since: 1985
Ad theme: "Mitsubishi. The word's getting around."
Since: 1989

NISSAN

Ad agency: Chiat/Day/Mojo, Venice, Calif.
Since: 1987
Ad theme: "Built for the human race."
Since: 1987

PORSCHE

Ad agency: Fallon McElligott, Minneapolis
Since: 1987
Ad theme: None.

RANGE ROVER

Ad agency: Grey & White, New York
Since: 1986
Ad theme: "A Rover is a Rover."
Since: 1987

ROLLS-ROYCE

Ad agency: Mullen Advertising, Wenham, Mass.
Since: 1990
Ad theme: (Rolls-Royce) "Simply the best motor car in the world."
(Bentley) "Have you flown the Bentley Turbo R?"
Since: unknown; 1991

SAAB

Ad agency: Angotti, Thomas, Hedge, New York
Since: 1990
Ad theme: "We don't make compromises. We make Saabs."
Since: 1990

SUBARU

Ad agency: Wieden & Kennedy, Cherry Hill, N.J.
Since: 1991
Ad theme: "Subaru. What to drive."
Since: 1991

SUZUKI

Ad agency: Asher/Gould, Los Angeles
Since: 1989
Ad theme: "Everyday vehicles that aren't."
Since: About 1990

TOYOTA

Ad agency: Saatchi & Saatchi DFS/Pacific, Torrance, Calif.
Since: 1974
Ad theme: "I love what you do for me."
Since: 1989

VOLKSWAGEN

Ad agency: DDB Needham Worldwide, Troy, Mich.
Since: 1959
Ad theme: "Fahrvergnügen."
Since: 1990



VOLVO

Ad agency: Messner Vetere Berger Carey Schmetterer, New York
Since: 1991
Ad theme: "Drive safely."
Since: 1991



Old imagery powers old perceptions of Detroit cars

Imports' cadre of upstart shops wins fans by challenging the usual tricks

By Bob Garfield
"Ad Review" columnist

Chrysler Corp. gets a lot of attention for its various corporate campaigns ("Hi, I'm Lee Iacocca. Buy a Chrysler product or one of these distinguished top executives dies at dawn").

But what viewers are most apt to have seen lately has nothing to do with impassioned chief-executive pleading, nor with airbag safety, nor with the long-awaited coming of the Viper.

What viewers see the most is three babes in tight, red sequins, kicking and grinding for Dodge.

Oy.
It's a promotion campaign from BBDO Worldwide, Southfield, designed to generate traffic in empty

Dodge showrooms. And it must be working like crazy. Chrysler only lost \$795 million in 1991.

This isn't entirely coincidental. While American cars have substantially closed the quality gap with the Japanese competition, American-car advertising still clings to the old themes (sex appeal, prestige, excitement), the old imagery (mountain roads at dusk), the old bombast ("THE BEST BUILT, BEST BACKED American CAR!"), the old superficiality ("The Heartbeat of America").

Is it any wonder, then, that consumers cling to their prejudices about American cars?

The Japanese, on the other hand, have mainly aligned themselves with the New Advertising as created by such upstart agencies as Chiat/Day/Mojo (Nissan); Rubin Postaer & As-



HONDA: With its simple, eye-catching imagery—produced with prodigious but utterly invisible technological virtuosity—Honda TV advertising has become not only a sales tool but also a metaphor for Honda automobiles. Rubin Postaer & Associates, Santa Monica.



SUBARU: Subaru, resurrecting the irreverence, self-deprecation, non-ostentation appeal and typeface of Doyle Dane Bernbach's Volkswagen ads of the early '60s, goes against auto-ad convention by deglamorizing its cars. The psychographic target: the conspicuously inconspicuous consumer. Wieden & Kennedy, Cherry Hill, N.J.



sociates (Honda); Wieden & Kennedy (Subaru); Goodby, Berlin & Silverstein (Isuzu); and Hill, Holliday, Connors, Cosmopolis (Infiniti).

Japan, on the other hand, is gaining share. This is no coincidence, either.

When Chiat/Day/Mojo took on the Nissan business in 1987, many asked if this really boded any fundamental change vs. an experiment in self-indulgent creative that would soon give way to the tried-and-true.

At first there was no clear answer. Chiat/Day/Mojo's premiere effort was the insufferable Yuppies in a Hangar campaign, featuring eight demographically balanced refugees from "thirtysomething," lounging around in very dramatic lighting and congratulating one another for their surpassing vision in creating the Nissan Pathfinder.

Mercifully, this turned out to be an anomaly. Since then, in various bold and subtle ways, Chiat and its fellow travelers have challenged every assumption, every canon, every cliché Detroit ever had about advertising cars.

In their place: wit, self-deprecation, simplicity of image, humility, directness, accessibility and an unorthodox approach to consumer psychology.

Chiat pitched Nissans to Joe Six-pack by stimulating not sex fantasies but empowerment fantasies.

Wieden & Kennedy ridiculed the notion of buying a car to impress the neighbors and (echoing the Volkswagen ads from the once upstart Doyle Dane Bernbach) promoted a sort of conspicuously inconspicuous consumption. Hill Holliday had the temerity, widely viewed as sacrilege, to produce car commercials minus any cars whatsoever.

And for Saturn, Hal Riney & Partners said, "Aw shucks. We Saturn

folks aren't anythin' special. We're just a buncha folks who really care about makin' a pretty fair country car, and we hope you think it's a pretty fair car, too."

All right, granted, Saturn isn't a Japanese car. But it's General Motors' version of a Japanese car, mimicking the Asians in styling, performance, management techniques and integrated design.

Chiat pitched Nissans by stimulating empowerment fantasies.

It's therefore also no coincidence that Saturn, along the way of being "A Different Kind of Car, A Different Kind of Company," had to find itself a different kind of agency—i.e., not McCann-Erickson, D'Arcy Masius Benton & Bowles, N W Ayer or Lintas/Campbell-Ewald.

Not all of these approaches are necessarily unassailable. Infiniti's "rocks and trees" spots were as annoying as they were intriguing, and Riney's early Saturn ads were too laid back, ostentatiously—and therefore falsely—humble.

Moreover, Toyota hired Saatchi & Saatchi, formerly Dancer-Fitzgerald-Sample, a large, establishment shop producing monumentally bland advertising, and Toyota is the gorilla of imports.

If the domestic car industry is to prosper—as it will, when its astonishingly good new products come on line and the American consumer's predisposition to associate "quality" with "Japanese" begins to wane—the advertising lessons are clear: Babes and jingles may please the senses, but what they communicate is a legacy that is best forgotten. □



SATURN: What if someone could build a Japanese car with American values? This is what Saturn is all about and Hal Riney & Partners has pretty well communicated it, too, with a series of ultra-self-effacing spots about some country folks who hug their kids and go to church and make the best darn family cars they can, no matter how hard they work to get the job done. The humility is sometimes excessive, but the message comes through.



ISUZU TROOPER: Despite their generally out-of-synch quality, new spots from Goodby, Berlin & Silverstein for the Isuzu Trooper cleverly invoke wry universal truths—such as men's macho inability to ask for directions—to highlight the advantages of four-wheel drive.



Easy to covet, hard to connect

By Joe Mandese

With the possible exception of the recession, no story dominates the conversations of automotive media planners and buyers more than cross-media deals.

Cross-media packages appear to combine many of the hottest marketing buzzwords: integrated marketing, value-added, synergy.

But beneath the hyperbole, only a handful of such deals have actually been structured, including three separate Time Warner megadeals with General Motors Corp., Chrysler Corp. and Mazda Motor of America.

Even the people involved in the most intimate details of those deals say the jury is

out on their value.

Cross-media packages tend to be open-ended and multi-year arrangements that require constant stewardship and fine-tuning. Thus, many executives involved in them say it is difficult to specify exactly what they've gotten at any point in time.

"These are moving, breathing things," says James Helberg, VP-group media director at Foote, Cone & Belding, Santa Ana, Calif., who helped develop and continues to rewrite Mazda's cross-media package with Time Warner.

While he maintains Mazda is getting good value out of the buy, he says many cross-media deals are more statement than substance.

"There's a lot of pressure

on agencies and clients to create the next big idea. And cross-media is the next big idea," he says.

"A lot of them have been done for grandstanding reasons. I think a lot of them that were announced have not come to fruition," admits Phil Guarascio, GM's executive-in-charge of corporate marketing and advertising.

"Most of the advertisers are making agreements in concept and working a lot of the specifics out as they walk through together," adds Randy Schroeder, exec VP-management director/media for Campbell-Mithun-Esty, Southfield, Mich., which handles Chrysler's Jeep/Eagle division. "Time Warner and others have a massive array of potential outlets. We've got to get smarter on how to use them."

In GM's Time Warner deal, Mr. Guarascio says the auto marketer has the capability of using "35 or 40 different kinds of applications of non-mainline media" that Time Warner has to offer.

To date, he says, GM has implemented about a dozen.

He declined to be specific about which programs GM has used. But Mr. Guarascio notes GM has used video production, graphic arts and fulfillment capabilities, and it has married that to in-magazine targeting capabilities of the company.

"It takes a tremendous amount of energy to make these things work. We're really looking for ways to combine a variety of elements to create a whole that's greater than the sum of its parts," Mr. Guarascio says.

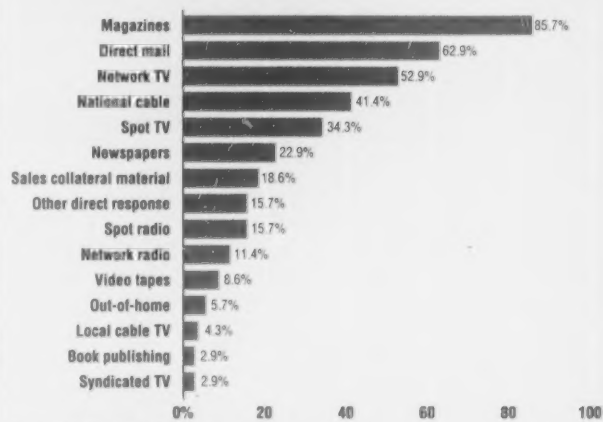
Most auto media executives believe use of cross-media will grow, but not necessarily on the magnitude of the multimillion-dollar megadeals.

"I think you'll continue to see multiple-media deals, but they will end up being much more specifically customized in the future," says Mr. Schroeder. "Five years from now, you're going to have very small specific proposals that are multi-media and highly targeted toward the client, but not necessarily the same singular great buy." □

Raymond Serafin contributed to this story.

Cross-media package

Percentage of respondents who would include each medium as one of four choices in a cross-media package.



Source: J.D. Power and Associates

Magazines linchpin of cross-media

Most auto marketers say they aren't looking for cross-media deals to be all-inclusive.

The J.D. Power & Associates survey found 85.7% of respondents cited magazines as one of four media elements they would include in an ideal cross-media package, while 62.9% cited direct mail, 52.9% network TV and 41.4% cable TV.

Spot TV, newspapers and sales collateral materials were less popular choices with 34.3%, 22.9% and 18.6% of respondents citing those options, respectively. Interestingly, the value of the respective media in cross-media deals varies between agency and advertiser executives.

Asked to design the "ideal" cross-media package, network and spot TV were components cited by 97.3% of automotive ad agency executives, but only 75.8% of auto marketing executives.

In contrast, 87.8% of automaker personnel were more inclined than agency respondents (70.3%) to include direct mail/direct response media.

Overall, 31.4% cited the lower costs-per-thousand that cross-media deals can generate as the primary advantage of such deals, and 27.1% cited the ability to deliver a single message in a variety of media.

Such findings suggest the cross-media deals have been primarily designed as large-volume discount programs combined with value-added options.

As a result, some agency media executives believe the deals have been used more for tactical reasons than strategic ones.

"From my perspective I would want to look at a cross-media promotion as a relevant marketing idea that would have extensions of the communications value first," says Bob Mancini, senior VP-media director of J. Walter Thompson USA, Detroit, agency for Ford Motor Co.'s Ford Division.

To some agency media executives, price efficiency is the operative term, and important as one component of overall strategy.

No panacea

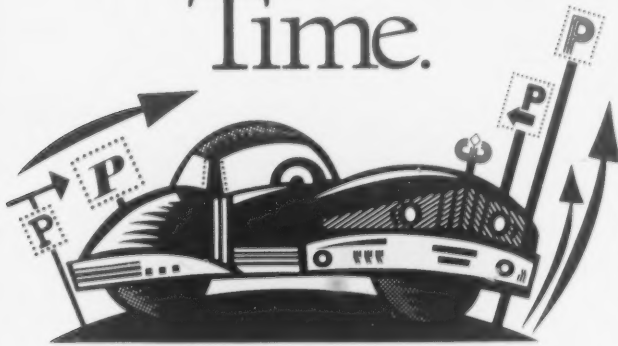
Price is "important insofar as you don't want to put yourself in the position of spending more per impression than you would otherwise," says Joel Kushins, senior VP-media director at Bozell, New York, agency for Chrysler Corp. "But unless there is something compelling about what the whole package deal is about, it's probably not worth doing."

Mr. Kushins says today's cross-media deals will lead to better ones in the future.

"Cross-media is not the ultimate panacea," he says, "but it's gotten people on the agency, client and media side doing things and thinking about things that they would not have even considered doing before." □

—Joe Mandese

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Just make one phone call to The Plain Dealer and your auto ad can run in 19 different newspapers throughout the Cleveland ADI. You'll reach over 2 million adults with one insertion. Plus, with the Northeast Ohio ADI/Automotive Network, you can pick and choose any combination of the 19 newspapers. Just call (216) 344-4940 and we'll get your car sales moving fast.



The Plain Dealer
Leadership In Advertising Results

The General preps for the counterattack

Inserting the team approach tops changes needed to rebound from '80s

By Raymond Serafin

There's not much wrong with General Motors Corp. that an infusion of good marketing can't fix, to hear some marketers tell it.

But this marketing sensibility needs to find its way into the marrow of the entire company, not just be restricted to the ghettos of designated marketing units.

What's needed is something Vincent Barabba calls "Big M" Marketing," to distinguish it, he says, from the narrower activities taken on by "the people who have marketing in their titles."

"If I can recognize a car at 1,000 feet, that's an identity."

Mr. Barabba is executive-in-charge of GM's market research decision center and—some observers say—a missionary of sorts, preaching that corporate salvation can be found in being a marketing-driven company.

Create a customer

Mr. Barabba hearkens back to management authority Peter Drucker's admonition that the purpose of any business is to create a customer. In Mr. Barabba's broad view, marketing encompasses multidisciplinary planning and executing of product development, pricing, promotion and distribution to attract customers and sustain a relationship with them.

"Change is difficult, particularly when you've been a dominant player in your industry," says Mr. Barabba. "It's unfortunate, but sometimes it takes a level of pain to say you're going to have to change the way you do business."

The question of how to produce a GM comeback would never have arisen if the giant company had been taking better care of its customer base over the last decade. GM lost customers in droves during the 1980s, and that has colored the way the world views the entire U.S. domestic automobile industry.

Share drops 11

From 1980 to 1990, the domestics' share of U.S. car market registrations dropped 6 share points, to

65.7%. GM lost 11 share points in that time, to 35.4% from 46.4%.

That drop of 11 share points coincided with the tenure of Roger Smith as chairman of GM. Robert Stempel succeeded Mr. Smith on Aug. 1, 1990, the day before Iraq invaded Kuwait, setting into motion events that aggravated the economic downturn.

"I put Stempel and Boris Yeltsin in the same category," says Jim Wangers, senior managing partner of Automotive Marketing Consultants. Both men are trying to hold together the remnants of an empire nearly ruined by their predecessors.

"GM might never recover from Roger Smith, but Stempel is catching most of the hell," Mr. Wangers says.

Mr. Stempel presides over a company that lost \$4.5 billion in 1991, the biggest loss posted by any company ever. GM is now planning to close 21 plants over the next three years as part of an effort to control costs.

Shortcomings showed

"Marketing," says Mr. Wangers, "has been one of the serious shortcomings of the corporation over the last decade or so."

Led by Mr. Stempel and President Lloyd Reuss, GM is reorganizing, creating a North American Operations group to eliminate layers of management and develop improved accountability for decisions.

Mr. Barabba describes the goal for the new organization as "a seamless structure . . . running the business from the market's point of view."

Traditionally within GM, separate units plan aspects such as product, pricing, distribution and promotion, leading to the creation of mini-empires. "They bring all these optimized business plans together and then begin compromising, and you get giant fights taking place" as departments battle over turf, Mr. Barabba says.

In place of that system, GM envisions an organization in which multidisciplinary groups work as teams to find strategies keyed to sustaining customer satisfaction and delegate the resources needed to accomplish the goal.

A key point is the focus on customer relationships rather than selling a vehicle.

"I might make decisions that re-

(Continued on Page S-38)

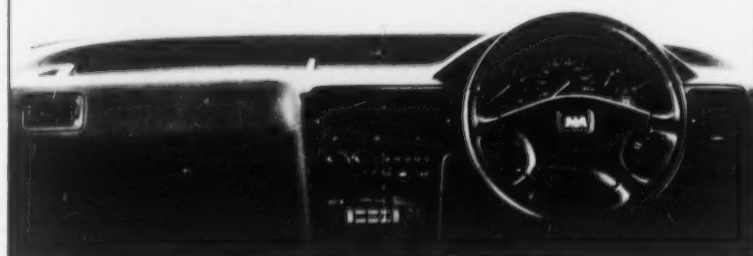
What's right with this picture?

You want the right image. Accord. The right image is the right place to sell. The right image is the right place to sell. The right image is the right place to sell.

Accord. The right image is the right place to sell. The right image is the right place to sell. The right image is the right place to sell.

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This right-hand-drive Honda ad promotes its U.S. factory role.

On edge in the middle of America

'People in the Rust Belt tend to become emotional when you talk about imports'

By Patricia Strnad

When Toyota Motor Corp. started building cars in Georgetown, Ky., dealers of domestic autos in the area complained bitterly.

The plant's presence was killing their sales, says Jay Houghton, principal in charge of research and consulting at Automotive Information Group. At the time, Mr. Houghton was senior VP at Lintas; Campbell-Ewald, Warren, Mich., in charge of advertising in the central region for General Motors Corp.'s Chevrolet Division.

The potential to capture sales from domestic brands is one of the main reasons Japanese automakers built plants in the Midwest.

"One of the reasons Honda chose to build cars in Marysville, Ohio . . . wasn't that Marysville has natural resources or great distribution advantages," Mr. Houghton says. "The reasoning was, if people in that area worked on those products, they would buy those products."

Tough to crack

Now most Japanese automakers operate plants in the Midwest, which has been the toughest sales region for them to crack. In addition to the Kentucky and Ohio plants of Toyota and Honda Motor Co., respectively, Nissan Motor Co. builds vehicles in Smyrna, Tenn.; Mazda Motor Corp. has a plant in Flat Rock, Mich.; Mitsubishi Motors Corp. operates a plant in Normal, Ill.; and Fuji Heavy Industries (maker of Subaru) and Isuzu Motors have a manufacturing joint venture in Lafayette, Ind.



■ A look at other U.S. regions on Pages S-26, S-50 and S-51.

Although those plants have improved consumer acceptance of Japanese vehicles, most Japanese importers are finding it necessary to adopt other strategies to boost sales in America's heartland.

Among the tactics: Strengthening distribution via added dealerships, increasing area media weight and creating ads aimed directly at Midwesterners, who tend to be more loyal to General Motors, Ford Motor Co. and Chrysler Corp.

In recent months Japanese automakers have increased advertising in the Midwest to fight anti-Japanese sentiment triggered by recession, GM

plant closings and layoffs, and widespread media attention on the trade imbalance. And many have turned to advertising that emphasizes the U.S. origins of many of their products.

Share lags

It's too early to tell whether the increased marketing activity is helping. But even before hostility toward Japanese products began to escalate, the Japanese cars' Midwest market share lagged significantly behind national share.

According to R.L. Polk & Co., which tracks U.S. vehicle registrations, domestic brands took a 64.1% share of total U.S. new car registrations in 1991, compared with 31.5% for Japanese brands. But in the Midwest, domestic nameplates took 75.7% to the Japanese 21.7% share.

"Market acceptance of Japanese brands depends on whether there's a strong support for the union in that town," says Rick Lepley, senior VP-sales and marketing for

(Continued on Page S-38)

Calif. dream turns urgent

By Cleveland Horton

California or bust.

That's the rallying cry from Detroit as domestic car marketers gear up to retake market share in the heart of import country.

Although specialized automobile marketing programs for the California market have come and gone, the nature of the most recent efforts resembles a clutch play.

Domestic automakers are joining the battle as if their survival depends on it. And it might.

Big percentage

Apart from its acknowledged role as bellwether for the nation, California traditionally accounts for 11% of all U.S. sales of cars and light trucks.

For 1991, however, California sales for the Big 3 fell far below that, compared with total U.S. sales. General Motors Corp.'s sales in the state represented 9.3% of its total U.S. volume. Chrysler

did 9.2% of its U.S. volume in the Golden State while Ford's percentage came in at 8.5%.

By contrast, the Asian imports counted on California for 17.3% of their U.S. sales; European imports saw 21.0%



of their sales in the state.

Evidence of the new commitment by the domestics to California is rife. GM took the unprecedented step by bringing all its divisions together late last year to discuss corporate action in retaking the California market.

Sources say Ford Motor Co. is holding top-level meetings addressing not only product concerns regarding its California share but ways of making it "O.K." for West Coast people to park a Ford in their driveway.

"California has always been a problem—or an op-

portunity—for the domestics," says Vic Olesen, president of Vic Olesen & Partners, Los Angeles, which handled West Coast advertising for Chevrolet until early this year.

Opportunity cars

"The hard part is getting the company to swallow the fact that they cannot sell Camaros here but they can Camaros," Mr. Olesen says. "They have to identify volume, opportunity cars."

Chevy's national agency, Lintas:Campbell-Ewald, Warren, Mich., recently expanded its Los Angeles office to oversee the division's western regional work. But Richard O'Connor, chairman-ceo, agrees with Mr. Olesen's assessment.

"California has traditionally been a great Camaro market, but there hasn't been a redesign of that car in 11 years," he says.

And then there's Saturn. GM's \$3 billion experiment represents the company's last, best hope in fighting

the imports, and the new division zeroed in early on the importance of California.

To win back import owners, Saturn hired a San Francisco agency, Hal Riney & Partners, which created a teaser campaign introducing the company, rather than the car, in October 1990. GM's new star first became available in California.

Chrysler Corp. also did "the most comprehensive research the company has ever done," says John Damoose, VP-marketing, when the company "went to California and talked to thousands of import buyers."

One of the things they learned, Mr. Damoose says, was that just changing the vehicles alone wasn't enough; the company needed to change its way of dealing with customers. So Chrysler now is launching what Mr. Damoose believes to be the most ambitious dealer training program ever. □

Contributors: Joseph M. Winski and Raymond Serafin.

Home field advantage?

Japanese car marketers' success in taking almost half of the California market didn't happen by accident.

First, most located their U.S. marketing arms in California: Toyota Motor Sales USA, American Honda Motor Co., Nissan Motor Corp. USA, American Isuzu Motors, Mitsubishi Motor Sales of America, American Suzuki Motor Corp. and Mazda Motor of America.

Then, they designed cars specifically for the state, adding standard features such as FM radios (the California FM market was more developed in the 1970s than the rest of the country).

"People got some satisfaction out of those Japanese products," says Jim Wangers, senior marketing partner at Automotive Marketing Consultants. "And then the Japanese improved the areas where they were originally weak, like styling."

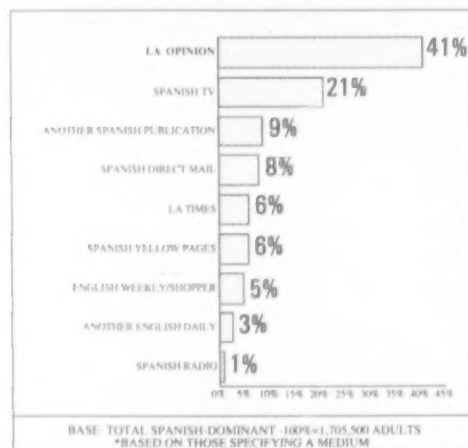
It worked. "Part of being a Californian is to drive a Japanese car," he says. □

—Cleveland Horton

LA OPINION is the predominant source of advertising information among Spanish-dominant Hispanic adults actively shopping for a new car or truck. In the greater Los Angeles area, LA OPINION is the most relied upon source in most major categories tested. For more information, contact LA OPINION's Marketing Department.

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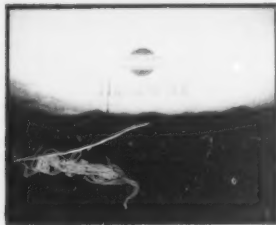
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Who did that ad?

The young copywriters behind the agency wheels of some hot cars.



"Dullsville's" mix of laid-back scenes helped put the NX on the map for Nissan and agency Chiat/Day/Mojo.

Putting cool into 'Dullsville'

People ask Rob Siltanen if he can help them buy a new Nissan NX cheap.

"I can't get them cheap. I can't even get one for myself," says the 28-year-old copywriter who worked on the "Dullsville" spot at Chiat/Day/Mojo, Venice, Calif.

Even after finding out there's no special discount available for acquaintances of the copywriter, "every-

body always says those are really cool commercials," Mr. Siltanen says. The strategy was to position the NX as a fun car. "It's the kind of car my friends would want to drive. I think we succeeded in saying it's a fun car. We didn't have to get into all those other things, like how well it handles."

Mr. Siltanen worked on the Acura account at Ketchum Advertising, Los Angeles, before joining Chiat/Day/Mojo a year and a half ago. And he didn't move onto the Nissan account right away.

"I was working on everything non-Nissan and this project came up and my partner and I

jumped in," he says.

At the time, there wasn't much competition. "When I first got there, a lot of people wanted to be on the other [non-Nissan] side," he says. Now everybody wants to work on the Nissan account, because the work's so good. They give us a lot of opportunities to do the kind of work we want to do."

Mr. Siltanen says he never thought of himself as a car buff.

"For me, a car has always been an emotional thing, more than a rational thing. Now I'm starting to see some of the rational reasons that are real. You just have to drive the cars to see," he says. "I'm learning the language—'viscous limited slip differential' and all that stuff."

He recently visited Nissan's plant in Smyrna, Tenn., to help round out his auto education. "I'm just now starting to appreciate them a little bit more, especially working with so many 'car guys.' I won't call myself that yet. I'm learning." □

—Jon Lafayette

Compensation misses mark

Several consumer products companies in the U.S. have started using an incentive pay structure for ad agencies—in effect, paying more if the advertising "works."

Such large package-goods marketers as Campbell Soup Co., RJR Nabisco and Kraft

General Foods have adopted a form of incentive-based compensation in the past few years.

But automakers aren't fazed by the compensation trend. The J.D. Power & Associates survey for *Advertising Age* and *Automotive*

News found that fewer than one-fifth of the respondents (18.6%) use any performance criteria as a portion of agency compensation.

Sixty percent report they don't foresee basing agency pay on performance in the near future. □

Looking over shoulders

(Continued from Page S-16) thinks a new wave of activity could sweep him in.

"Detroit is taking another look at itself in every way. They can't afford to have the Japanese beat them in advertising," he says. "They're working very hard to catch up and overrun the Japanese in car design and car quality, and all of that is going to be meaningless if they can't market their cars as good as the Japanese have."

Adds Don Weir, exec VP-account services at Jordan, McGrath, Case & Taylor, New York, "there's no question that good advertising could help those guys."

Jordan McGrath has been

trying to get a car account for years. Mr. Weir thinks Detroit could certainly use some new blood.

Consumers are numbed

"It would make a hell of a lot of sense. They've been doing the same old stuff for so long that there's just a staggering, numbing effect on consumers," he says.

"They spend billions a year on advertising automobiles. Out of that about half is spent in deals, sale-athons, price-off promotion, rebates, zero financing. It's just unbelievably numbing."

The problem runs deeper than creative execution, Mr. Weir says.

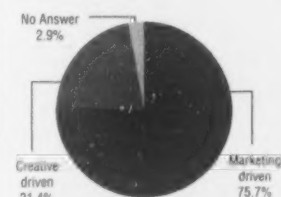
"It's their positioning work, their strategies. There was a day when Pontiac had 'We Build Excitement' and their cars echoed that all the way down to the accelerator floor. The advertising grew out of that. Now consumers are having a real hard time telling the difference between Pontiacs and Oldsmobiles, Buicks and Chevrolets. There's no delineation. That's a strategic problem as much as a creative problem."

But Mr. Weir thinks getting a domestic auto account is a long shot for his agency. "That's such a hard club and clique to break into," he says.

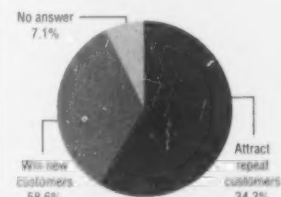
"The relationships are just so layered into each other—they go back 50 years," adds

The state of advertising

Percent of respondents who said their advertising philosophy is primarily . . .



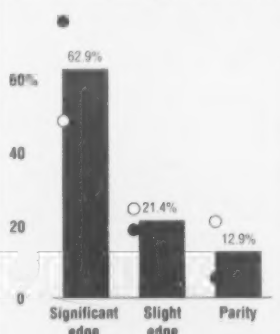
Percent of respondents who said that five years from now, it will be most important to . . .



Source: J.D. Power and Associates

How good is agency?

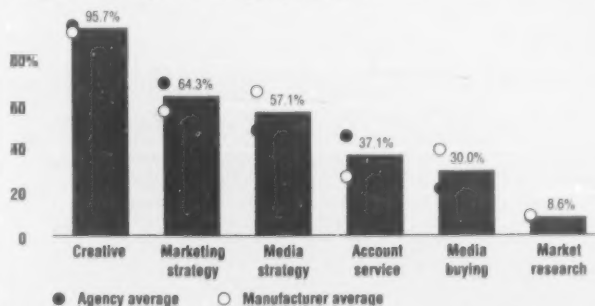
Percentage of respondents who said their agency gave client a . . .



Source: J.D. Power and Associates

Most important services

Percentage of respondents who chose each service as one of the three most important ad agency services.



Source: J.D. Power and Associates

Donnie Deutsch, exec VP-creative director at Deutsch, New York. "But we all know they should be looking. Just look at the Saturn advertising that [Hal Riney & Partners] did. You can poke holes and say that's just more Riney, but it has a voice. It's advertising. Most of the other car advertising is pap," he says.

If automakers decide to go shopping for a new agency, they'll find it tough to find many substantial shops that don't already have a car account.

"There aren't that many stores in town," says Mr. Della Femina. "The same people will be called for the next major Detroit thing. It will be us, it'll be Jordan Case, it'll be maybe Bill Tragos [chairman of TBWA]."

"There are agencies without car accounts that are sitting in nice seats right now and can probably pick up a good one if Detroit starts to move. And let's face it. If one of the Big 3 in Detroit makes a move, the other two are not going to sit back and let them." □

All signals look green

Environment concerns move to front, auto execs agree

By Arlena Sawyers

Green marketing could turn golden in the auto industry.

Decades of growing environmental awareness and deteriorating air quality have led to stringent clean-air laws that force automobile companies to research, develop and test-market environmentally friendlier vehicles.

And that looks to be playing right into growing grassroots consumer interest in the issue.

Importance grows

The J.D. Power & Associates survey for *Automotive News and Advertising Age* shows green marketing will continue to gain importance

with auto executives in the next five years.

Of the automaker and agency executives surveyed, 20% said green marketing will become much more important and 70% said it will grow somewhat more important over that time period.

"We spend a lot of time with customers and do a lot of research—awareness of environmental issues is growing," says Richard Fenstermacher, Ford Motor Co. executive director-marketing for North American Automotive Operations.

Most of the green technology—which will include recyclable parts and less toxic materials as well as cleaner exhausts—is still in the concept-vehicle stage. That

means most green marketing is limited to news stories, displays at auto shows and carefully monitored pilot programs.

The state of California is

"While alternative fuels have positive attributes, there are some trade-offs."

the driving force in auto industry greenness, with the toughest clean-air standards in the country.

In September 1990, the California Air Resources Board adopted a law that, beginning in 1998, requires 2% of each automaker's sales have zero emissions. With existing technology, that means battery power. The

portion rises to 10% in 2003.

As many as nine states and the District of Columbia have signed agreements supporting similar rules in their jurisdictions. Together, those states represent one-third of U.S. car and light-truck registrations.

Nearly every manufacturer has developed or is developing an electric vehicle (see story below) but they're not considered practical yet.

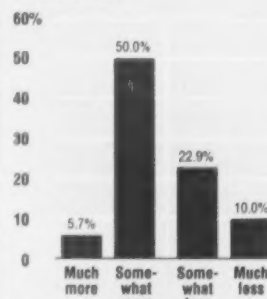
Build a better battery

At this stage of development, the vehicles have short driving ranges and batteries wear out quickly from constantly being recharged.

However, Ford, General Motors Corp. and Chrysler Corp. have a major joint venture under way with a

Green marketing, 1996

How important will it be? Percentage of respondents who answered...



No answer: 11.4%

Source: J.D. Power and Associates

goal of better batteries than those currently available, and all the companies proceed as if they will solve the problems.

Vehicles using alternative fuels like methanol and compressed natural gas are (Continued on Page S-46)

Battery power's impact takes hold at GM

First mass-produced electric car cuts across all market segments

By Phil Frame

For General Motors Corp., the successful marketing of a battery-powered vehicle hinges on selling it as a great car that happens to be electric.

In 1998, GM and all other large automakers will be required by California and other states to sell electric or other zero-emission vehicles, whether or not there's a market for such transportation.

GM, the first major automaker to plan to mass produce an electric car, is aiming for a wide audience, says John Albers, director of market research for GM Electric Vehicles, a branch of the advanced engineering staff that developed the company's Impact concept car.

"This is a real car for real customers, and in addition it has an electric propulsion system that gives it more desirability," Mr. Albers says.

"We're trying not to take a look at this car as an unusual product. We ought to think of it as a mainstream product because that's what we want the customer to think."

All "market segments are targets for electric vehicle propulsion. It's not fitting neatly into one segment of the marketplace, which is good for us because that means it has wide appeal," he says.

The sales pitch to customers probably will center on the electric vehicle's environmental benefit, a virtual absence of maintenance and greater convenience because people can "refuel" at home rather than go to a gas station.

The advertising itself is the responsibility of Amy Rader, the 24-year-old director of advertising for GM Electric Vehicles.

Ms. Rader, who worked at Saturn Corp. for 1½ years before taking the job, says the company will focus on educating customers before any media advertising.

"The way I see this working, the education is going to start out teaching people what electric vehicles are, teaching people what questions to ask so they can start comparing," Ms. Rader says. "We have to give con-

sumers a start on how to compare" alternative fuels.

The second step, she says, is to teach people how to realistically look at their driving patterns to see if an electric car is right for them.

"When they stop, how long do they stop? Is it long enough to recharge?" Ms. Rader says. "Getting people to start thinking about their own needs is going to be an important part of our job."

As the vehicle gets closer to production, Ms. Rader's task will be to convince people to buy GM's product.

The other major U.S. automakers are also exploring electric cars, though not at the same level as GM.

Earlier this month, Chrysler Corp.



GM's Impact prototype electric vehicle takes the sloping Saturn nose one step further.

signed an agreement with Westinghouse Electric Corp. to jointly develop an alternating-current motor for a 1995 or 1996 electric minivan.

Ford Motor Co. hasn't announced production plans, but it plans to deliver a test fleet of 80 electric minivans based on its European Escort to utility companies in spring '93.

Still, GM's Ms. Rader says: "We have a big competitive advantage because GM's big vertical integration

structure is finally paying off. We're the only people who can build our own batteries, converters and sell and service a car."

That advantage might not last too long. Longer-term, the Big 3 have agreed to a joint venture to build by 1994 better batteries than GM can currently produce.

GM's Mr. Albers says he expects the state governments that mandate electric cars to encourage buyers of alternative-fuel vehicles by offering some form of subsidy.

These governments—a number of states have followed California's lead with such rules—adopted the measures to reduce auto emissions and, to have a significant effect, the low-or-zero-emission vehicles have to be on the road in some quantity.

Although GM has begun planning, Mr. Albers knows there may not be great demand for electric vehicles at the moment.

"Right now, I would describe it as market potential," he says. "We need to go out there and raise the level of knowledge and get infrastructure in place. We'll make sure the market is developed when we're ready."

And, he says, GM and the other carmakers can't assure success on their own.

Mr. Albers says utilities and government agencies have to be heavily involved. It will be their eventual job to make sure facilities are available so people can conveniently recharge the electric cars that will follow the coming GM home-rechargeable model. □

Arlena Sawyers contributed to this story.

General counterattacks

(Continued from Page S-24)
duce the amount of value I get from the first [sales] transaction based on the fact I want [the customer] to come back," says Mr. Barabba. That might translate into more dealership training or better warranties or other programs.

A more market-based organization could help GM re-establish strong brand images across the board. Mr. Wangers and others say GM's once-powerful brand identities were diluted as a result of Mr. Smith's mid-1980s reorganization, which created three platform groups with responsibility for developing products. The reorganization separated manufacturing and design responsibility from marketing responsibility.

"The secret to rebuilding the brands is to make products that match up with what the brands stand for," says Sean Fitzpatrick, vice chairman of McCann-Erickson North America, which handles Buick, GMC Truck and GM's corporate quality cam-

paign. "If I can recognize a car at 1,000 feet, that's an identity."

Some of GM's brands appear to be on the right track, delivering consistent messages and successful products to match.

Import fighters

Cadillac's 1992 Eldorado and Seville showed the brand could compete with the best of the imports. Buick has boosted its market share in recent years by presenting premium products such as the Park Avenue and LeSabre. Geo has attracted young import prospects.

GMC Truck has been holding its own on the truck front, and the new import-fighting Saturn brand shows promise, based on the high grades it's getting for taking care of customer concerns.

Observers credit Pontiac with developing a performance image, but criticize GM for not providing enough fitting product.

Oldsmobile and, to some extent, Chevrolet remain sore spots.

Olds built big volumes in the mid-1980s with products that appealed to a decidedly mature audience. But with Buick now ensconced successfully in the traditional upscale domestic-car niche, Oldsmobile has floundered in trying to return to a historic



Barabba

"It's unfortunate, but sometimes it takes a level of pain to say you're going to have to change the way you do business."

identity as a company on the forefront of engineering excellence.

Chevrolet has been resurgent on the truck side, but it lacks the car that could—given Chevy's vast distribution system—turn into a knockout volume leader.

"Chevrolet should provide GM's entry-level, low-price statement of basic reliable, dependable transportation," says Mr. Wangers. From that standpoint, "GM isn't build-

ing a Chevrolet," he says.

Attacking the perception

Beyond putting brand identities in order, GM still faces the problem of convincing once-burned customers this is no longer the haughty organization that put out poor products.

"The difference between GM quality and the highest-quality manufacturers in the world is less than one defect per car," says Philip Guarascio, GM's executive-in-charge of corporate marketing and advertising. "The quality gap has really closed, and we have to make sure people understand that."

It's doubtful any other company matches GM in sheer quantity of research into the market and into marketing communications.

Leading edge

Mr. Guarascio's department has a formalized research and development component devoted to exploring new ways of advertising, merchandising and event marketing.

"Its purpose is to identify long-term leading edge kinds of opportunities that are

going to create advantages for our divisions," Mr. Guarascio says.

GM in the past several years has been a leader in developing both innovative deals with traditional media organizations and also in exploring new media and promotional opportunities.

Jury's out

The jury is out on whether all of GM's efforts will produce a turnaround, or whether the company will squander its resources. Mr. Barabba says success for GM is a matter of returning to the philosophy that drove Alfred Sloan, the former president and chairman who managed the company to the top of the industry, beginning in the 1920s.

"Sloan had one of the great marketing minds," Mr. Barabba says. "He structured a business that had the customer at the end. 'A car for every purse and purpose' [Sloan's maxim]—that's creating a business with the customer at the end."

"We're at the rebirth of how the company is going to do what it did so well before, except now it's going to have to do it in the context of an environment that's a helluva lot harder than what Mr. Sloan started out with." □

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Midwest

(Continued from Page S-24)
Mitsubishi. "That's a prevalent factor in forging attitudes. Detroit would certainly be a strong union town, but the union influence isn't quite so strong in a city like Chicago."

Strong job link

It also has to do with the fact that many Midwesterners' jobs are tied to the domestic auto industry.

"People in the Rust Belt tend to become emotional when you start talking about imports and other issues affecting their livelihoods," Mr. Houghton says. "They start thinking in terms of black or white. They see the purchase of an import as 'against us.'"

But attitudes and ties to the domestic auto industry aren't the only reasons the Japanese haven't made greater gains in the heartland. Distribution is key, too.

When they first entered the U.S. market, Japanese automakers shipped vehicles to ports on the West and East Coasts. With import quotas and a limited supply of vehicles, they naturally began penetrating markets closest

to the points of delivery.

"It's taken time to develop strong inland distribution," says Jan Thompson, VP-marketing at Mazda.

Adds Bob Weldon, general manager of the Cincinnati region for Toyota Motor Distributors, "It's sheer numbers. In Cincinnati, there are five Toyota dealers compared to about 16 for Ford and 17 or 18 for Chevrolet. That really affects our ability to penetrate the market."

In 1991, there were nearly 7,000 Japanese auto dealerships in the U.S., up 29% from 1987. That's not likely to grow. Mr. Weldon and officials from other Japanese importers say dealer expansion plans are being curbed until the economy improves and existing dealers can strengthen their businesses.

Meanwhile, as the Big 3 urge consumers to "Buy American," Japanese automakers are letting consumers know many of their vehicles are U.S.-made.

Subaru, for example, is putting "Made in America" stickers in the rear windows of the Subaru Legacy, which is built in Indiana and accounts for 70% of Subaru's U.S. sales. The marketer also recently broke a Legacy TV spot shot in the U.S. plant.

Toyota has been running a print campaign this year focusing on the people who work at its Georgetown, Ky., plant and a TV spot talking about the U.S. origin of the Camry sedan. While those ads, from agency Saatchi & Saatchi DFS/Pacific, are running nationwide, "they are played more in the Midwest than on either coast," Mr. Weldon says.

Honda is running two "Made in America" spots, one for the East and another for the West. A print ad, headlined "What's right with this picture?" shows a right-hand-drive Honda and talks about how Honda exports cars made in the U.S. to Japan. Rubin Postaer & Associates is the agency for Honda.

Flat Rock ad

Mazda broke an ad last month recognizing workers at its Flat Rock, Mich., plant and suppliers for their help in rolling out the redesigned 1993 MX-6 coupe. Copy in that Foote, Cone & Belding ad says the MX-6 is "the first import-branded car that may be truly considered a domestic product." The ad ran in newspapers in the Detroit area and Toledo, Ohio. □

Tradition out the window

(Continued from Page S-3) troit, last year revised the way they evaluate magazine buys, a process that resulted in Ford reducing its magazine schedule from the previous 130 titles to about 90 for the 1992 model year.

"We buy magazines far more effectively than we used to," says John Vanderzee, Ford's director of advertising. "Today we're using target audience CPM as only one of the factors, albeit an important one."

"We're very interested, for instance, in reader involvement with a magazine. We measure things like how many readers read three out of the last four issues," Mr. Vanderzee says.

Mr. Vanderzee says targeting is easier with magazines than with TV. Ford, he says, had no trouble determining a magazine schedule for its upcoming launch of its redesigned Probe this July.

"But it's not as easy to find youth-oriented television, and also get reach," Mr. Vanderzee says. "MTV reaches youth, but I could buy every commercial on it for a month and not reach one-tenth of the people I want to talk to."

Still role for TV

While the movement toward customizing the message to the audience leaves the TV networks somewhat vulnerable, few auto marketers expect to abandon the medium.

"I don't see it as an either/or situation," says Lois

Miller, senior VP-director of media marketing services at Hill, Holliday, Connors, Cosmopolis, Marina Del Rey, Calif., agency for Nissan Motor Corp. USA's Infiniti. "Mass media perform a certain task, and they do it well, as long as you don't ask mass media to get down to the nitty-gritty selling."

"You have to cover more bases now," says Duncan Pollock, exec VP in charge of BMW of North America at Ammirati & Puris, New York. One reason, he says, is that TV is glutted with auto advertising.

\$10 million a night

"We did a study a year and a half ago and found that on an average night in New York City, there is \$10 mil-

lion spent on auto advertising on TV," Mr. Pollock says.

Mr. Vanderzee says clutter is an increasing problem, especially with TV.

"The networks have done a lousy job of controlling it because they need more inventory," Mr. Vanderzee says. "I frankly think they're shooting themselves in the foot, because a lot of people are really tired of it."

That clutter is one factor driving the growth of direct marketing and place-based media, says Mr. Julow, because those options allow a marketer to better control the selling environment.

Chrysler is one of a number of auto marketers that have tried to build a multifaceted marketing program around a particular theme. For instance, the company's involvement with the recent Winter Olympics included broadcast sponsorship on CBS and cross-promotions that involved Kmart Corp., CBS and Time Warner's *Sports Illustrated*.

Mr. O'Connor says Lintas:Campbell-Ewald believes integrated marketing is the wave of the future.

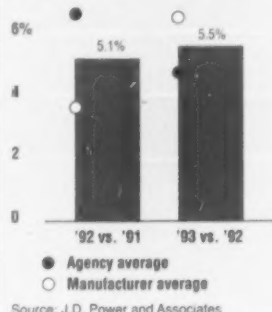
Three years ago, the agency put together its model for integration in launching the Chevrolet Lumina with multi-media advertising, co-promotion with Walt Disney Co., dealer introduction program and training materials.

Integration builds

Integration is particularly important for durable goods,

Change in advertising and marketing budget

Average change in budget from previous model year, as foreseen by respondents.



where dealers and salesmen play a key role in the sale, says Mr. O'Connor.

Marketers such as GM's Cadillac division build a number of their integrated marketing programs around the lifestyles of their affluent target prospects.

"When they are involved in an activity, they tend to be very passionate about it," says Peter Levin, director of advertising for Cadillac.

All this demand to better identify prospective customers calls for additional emphasis on research by marketers and agencies.

"Our research budget has quadrupled in order to fine-tune our marketing," says FCB's Mr. Somerset. "Even after the recession, we aren't going to abandon that."

Mr. Somerset is among those who suggest some media organizations aren't keeping pace with the needs

and sophisticated approaches of auto marketers.

Mr. Guarascio says many media organizations' lack of expertise hinders them from forming substantial partnerships with auto marketers.

"Our divisions have talent in the areas of advertising, marketing, merchandising, public relations, sales and event marketing, and we're way ahead of the media in terms of the ability to know how to use those things," he says. "And we don't have the time to educate the media."

For all the recent change in automotive marketing, the next several years may be even more dramatic, says Mr. O'Connor. He sees continued advances in technology making it possible to "start a dialogue with consumers" rather than just put out a message.

Direct contact

He suggests a scenario in which a consumer at home, viewing an auto dealer commercial, will call directly to a salesman who can answer questions and offer to bring over a car for a test drive. Or, a viewer watching a TV commercial might push a button that results in the printing of an invitation and rebate coupon for a test drive at a nearby dealership.

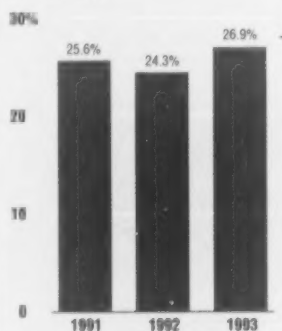
So is this advertising or promotion? For automakers, the answer isn't important, says Mr. O'Connor. "What is important is that you have a seriously qualified prospect to follow up on for a sale."

For the mass media, it's another story entirely. □

Cleveland Horton contributed to this story.

Marketing allocation

How much of respondents' model-year marketing budget will be devoted to consumer promotions rather than advertising?



'Acceptable graffiti' test limits

Some examples of targeting audiences with niche media:

Videos are big with automakers. Chrysler Corp. and General Motors Corp.'s Pontiac division both used lightweight, relatively inexpensive videocassettes to promote minivans to hundreds of thousands of potential buyers in direct mail campaigns last year.

Chevrolet sent similar tapes to its Corvette to potential buyers.

Chrysler's Dodge Division has three spots from its agency, BBDO Worldwide, Southfield, Mich., on the recent HBO Video production of *Sports Illustrated's* "Behind the Scenes: The Official Swimsuit Video."

Luxury automakers such

as GM's Cadillac division find niche marketing tools can fit their affluent prospects' lifestyles. "They're very active," says Peter Levin, Cadillac's director of advertising. "So it's difficult to catch them using traditional forms of media."

Cadillac will use a 23-minute video as part of the launch of the 1993 Allante, which begins a regional rollout in late April. The video was produced by Adventure, Farmington Hills, Mich.

Saab Cars USA is also using a direct mail video. It is promoting its special 9000 CD Turbo Griffin Edition.

The video, from Saab agency Angotti, Thomas, Hedge, New York, was sent to 50,000 prospects with household incomes of

\$100,000 or more; names were culled from the subscription rolls of *Inc.*, *Money* and *The Wall Street Journal*.

Other than video, Pontiac, Chevrolet and Buick have all committed to test three-sided boards on trucks in the Atlanta area with Patterson's Mobile Media.

In a project called "wild postings" to support the Miata launch, Mazda Motor of America hung posters in a dozen cities at construction sites and other places normally used for movie posters.

"We use [the method] all the time for film releases, and the more I sat in on meetings for the creative and media of the campaign, I realized that the movie audience was a good subset of our prospects," says Tom Som-

set, senior VP-director of marketing services at Foote, Cone & Belding, Santa Ana, Calif., agency for Mazda. "It has a little bit of an attitude. It's sort of acceptable graffiti."

Computers offer another area. BMW of North America, along with nine other automakers, advertises on the computer information service Prodigy, which reaches 1.4 million subscribers.

The Jeep/Eagle Division of Chrysler recently ran a computer disc commercial in a disc-based magazine called *PC Life*, says Randy Schroeder, exec VP-management director/media, Campbell-Mithun-Esty, Southfield, Mich. The commercial was similar to a TV spot, Mr. Schroeder says, but was not as graphically oriented. □

—John P. Cortez

Niche

(Continued from Page S-3) believe the future of niche marketing isn't in toilet stalls, but databases. Database marketing is the key that allows automakers to communicate with consumers at each phase of the purchase cycle.

Technology will alter the way messages are sent to prospective car buyers and who receives what message, says Audi's Mr. Hilverda.

"I'm a firm believer that [eventually] you should be able to say, 'I want my commercial only to go to these households' and then you can individually select who sees your spot." □

Raymond Serafin and Cleveland Horton contributed to this story.

Who did that ad?

The young copywriters behind the agency wheels of some hot cars.

Treating cars like just another item

Phil Glist took a course at the Advertising Center and got lucky.

One of his teachers was Ed Cole, co-creative director at Foote, Cone & Belding, Santa Ana, Calif.

"I showed him my portfolio after I finished his class," Mr. Glist recalls. At the time, Mr. Cole was making changes in the agency's creative department, and Mr. Glist landed a job writing copy for the Mazda

Motor of America account. "It's pretty unusual to get the kind of TV experience that I've been getting," says Mr. Glist, who had been tending bar and waiting tables.

The 29-year-old copywriter says he isn't a car nut, but he's learning. "They weren't looking for people who were car nuts. It's easier for people like myself who just treat cars as another product to get inside the heads of people who look at them the same way, as pretty much a big-ticket purchase or an expensive thing to buy," he says.

Sometimes knowing details about the car is a must, so Mr. Glist is picking up expertise quickly. "I had to write an insert [for Mazda's RX-7] that is directed at car buffs—all about the rotary engine and power-to-weight ratio," he says.

His key project has been launching Mazda's MX-3.

"Since it was a new car, we thought the styling would stand out from the other cars, like the Paseo it was competing with. And it was the only one with a six-cylinder engine, so you had to communicate that."

"But we wanted to communicate that this was not a car that everybody was going to like," he says. "Mazda's in a unique position of being a niche marketer."

The result was the "Jalapenos" spot.

"We took a fairly loose storyboard to a fairly young director named Steve Chase, who did wonderful things with the visual side, as did my partner, [Art Director] Kevin Murphy," he says. "It's funny because Mazda's advertising is not the hippest generally. It's real emotion-oriented but it's not usually cutting edge. We got a lot of nice stuff in there. And from what I hear, the car's doing real well."

The campaign drew attention inside the ad world.

"Other people in the agency have come to me and said they've gotten calls from friends in the industry and in production and said, 'Who's the director?' 'Who's the editor?' Actually the best response was from an art director here who asked me, 'How do you get something like that past a client?'"

Even for a guy who's not a car nut, sometimes you've just got to get behind the wheel and put the pedal to the metal. "I drove the new RX-7. It was amazing—after researching it and writing it for a good eight months—to actually finally get in the car and drive it. Theory cannot do justice to it. It's really much more fun. I got it up to a hundred."

And what does he drive now? "I bought a year-old Miata from someone who had a baby and couldn't use a two-seater anymore." □

—Jon Lafayette



"Jalapenos" helped make the Mazda MX-3 a hot commodity.

Ford explores teamwork

In the process, carmaker discovers mother lode

By Joseph M. Winski

Team marketing is proving successful at Ford Motor Co., which first used the market-driven approach, at least partially, with its "Team Taurus" program. Out of that came the stylistically bold and successful Ford Taurus and Mercury Sable midsize cars in 1985.

Ford refined the idea of teams working under strong managers in 1987 and credits this new approach for some of the success of its hot Ford Explorer sport utility vehicle.

Introduced in March 1990, the four-door, four-wheel-drive Explorer rapidly overtook Chrysler Corp.'s Jeep Cherokee to become the country's most popular sport utility vehicle.

Its sales last year soared 37%, making it the seventh-best-selling vehicle, the first time a sport utility model has cracked the top 10.

Ford has created three so-called "world-class timing" teams to develop its next generation Probe, Thunderbird and Mustang. Designed to get vehicles from concept to market in about three years, they consist of designers, engineers, buyers, marketers and others who work at the same location and report directly to the product manager rather than their functional bosses.

Marketers on the teams "have a great deal of input into the design of the car," says Steve Odell, Ford Division marketing plans manager for specialty cars. They "constantly remind the team what the customer wants. That is their prime reason for being there." □

Listening

(Continued from Page S-8)
cess. When a second fuel crisis occurred in 1979, Japanese car sales spurted again.

This far and no farther, Detroit then said. GM introduced its downsized, front-wheel-drive X-cars; Ford launched its small Ford Escort and Mercury Lynx, which it billed as "world cars." Chrysler bet its future on the K-cars, of which Mr. Iacocca said in ads: "America's not going to be pushed around anymore."

Detroit also demanded, and got, "voluntary" import restrictions on Japanese autos.

The economy improved and the yen strengthened—making Japanese cars more expensive in dollars. The fuel crisis abated, big cars began to sell again and U.S. carmakers posted record profits.

Record losses

But by the end of the 1980s, with another recession looming, Chrysler was once again in deep trouble, GM was frantically paring excess capacity and the Big 3 were heading for record losses.

Detroit, it turned out, hadn't really changed at all. It still managed for short-term profits and still turned out cars through its vertical "chimney" system, in which each function, from design to marketing, operated in virtual isolation.

Marketing was a separate but hardly equal chimney. GM, long dominated by financial executives, didn't even have a consumer market research division until 1985, auto analyst Maryann Keller reported in her 1989 book on the automaker.

Historically, Theodor R. Cunningham, Chrysler exec VP-sales and marketing, ad-

mitted in a speech at the Automotive News World Congress in January, "marketing in Detroit has always focused on moving the 'iron' off the shelf, instead of deciding what to put on the shelf in the first place."

The Japanese take marketing much more seriously. Kim B. Clark, a Harvard Business School professor who has studied Japanese auto production, attributes Honda's success, for example, to project teams that "focus the whole [product] development organization on customer satisfaction."

Team members, chosen from all the disciplines in-

"Detroit has always focused on moving the 'iron.'"

involved, including marketing, work together under strong "product managers" on everything.

Keeping an eye out

Marketing is hardly the sole province of marketing executives. Mr. Clark tells of Honda product managers who "spend hours watching people on the street, observing styles and listening to conversations. Department stores, sports arenas, museums and discotheques are all part of their 'market research' beat."

The Japanese strategy, says Mr. Kotler, was to establish a beachhead with high-quality small cars that built consumer loyalty and then move up-market with more expensive and more profitable larger cars.

Thus, for example, the Honda Civic was followed by the Honda Accord, then a larger Accord and, most recently, the Acura Legend.

Honda has been "abso-

lutely brilliant" in moving with its market, FCB's Ms. Cutler says. "There's never been a reason to leave the franchise: If you're ready to move up, they've got it for you."

Detroit belatedly is conceding the Japanese know a thing or two. Ford Motor Co. partly embraced teams (see accompanying story above). General Motors unabashedly stole from the Japanese in setting up Saturn Corp. as an independent operation—in effect a large project "team."

Saturn, whose sales are soaring in a down market, kept its eye firmly on its target—buyers of inexpensive Japanese imports, interviewing thousands of them in developing the car.

Saturn also selected dealers carefully, saturating them with the gospel of customer satisfaction, including elimination of the price haggling that turns off many car buyers.

Walls tumble down

At the "reinvented" Chrysler, as touted in a current corporate ad campaign, the walls between functions have come down and marketers are being listened to, rather than talked at.

"That," says John Damoose, Chrysler VP-marketing, "is a very vital change at Chrysler Corp."

The company organized itself into four "platform teams"—for large cars, small cars, trucks and minivans—in January 1989. "The platform teams have allowed us to truly get the voice of the customer into the product development process," says Mr. Damoose.

Chrysler will tell you where it got the idea: from Honda. □

Encore possible for adman Iacocca

So intertwined with ad message, it appears hard to unhinge ceo from commercials too quickly

By Mary Connelly

Lee Iacocca has become so synonymous with Chrysler Corp. the company has found work for the chairman after he retires.

When he steps down as ceo at year's end, Mr. Iacocca will keep his hand on the wheel at Chrysler as chairman of the five-member executive committee. He says he will no longer be the corporate advertising spokesman, but he has said that before and been wrong.

The heavy use of Mr. Iacocca in this, his last year, indicates the automaker may have a difficult time breaking the marketing tie to the highly visible leader, who was swept into the role of public spokesman during the company's brush with bankruptcy in 1979.

This year, Mr. Iacocca will appear in campaigns for two crucial products: the 1993 Jeep Grand Cherokee and a new trio of 1993 mid-size sedans.

The Iacocca advertising is part of an 18-month corporate campaign, created by Bozell, New York, that broke during the 1992 Winter Olympics in February.

Image booster

The initial effort in the drive was designed to improve Chrysler's image against foreign brands. In it, Mr. Iacocca stresses Chrysler's restructuring of its product development process, the construction of a \$1 billion technology center and new products.

Appearing with three products—the Dodge Viper sports car, Grand Cherokee and Dodge Intrepid, one of the mid-size sedans—he acknowledges the foreign competition. While implying some consumers don't have a high opinion of U.S.-nameplate vehicles, he claims Chrysler vehicles can compete with the best in the world.

As the year goes on, his role

will be even more important.

His TV spot for the launch of the Grand Cherokee is scheduled for spring. The vehicle is Chrysler's bid to regain dominance of the sport-utility market, lost to the Ford Explorer.

Later in the year, the Chrysler chairman will be seen in advertising for the Intrepid, Chrysler Concorde and Eagle Vision, the sedans the company maintains have reached standards of world-class manufacturing quality.

At the March 16 press conference where Mr. Iacocca announced that Robert Eaton, the former head of General Motors Corp.'s European operations, would succeed him

when production volume will increase.

Warning signs

But one observer warns against keeping Mr. Iacocca in front of the cameras for too long.

There are signs Mr. Iacocca's effectiveness is waning, says Steven Levitt, president of researcher Marketing Evaluations/TVQ.

In an annual evaluation of 1,474 American personalities in 1991, the researcher found Mr. Iacocca's positive rating dropped four percentage points from 1987 to 1991, while his negative rating rose six percentage points.

"I'd look at these numbers and I would worry," Mr. Levitt says. "I would wonder if there is a more effective way to advertise. Lee Iacocca is not generating the same response as he did four years ago."

But a Chrysler marketing spokeswoman says Chrysler's own research conducted prior to the creation of the new Bozell campaign disputes those findings.

"He is believable and sincere and he has high recognition numbers," she says.

He also he seems to satisfy what Chrysler considers an important goal of its current advertising.

Japan, Inc.

"It used to be that all the Japanese car companies were perceived as one—Japan Inc. There was no real differentiation," says John Damoose, Chrysler's VP-marketing, in an internal company publication. "Today, the domestic Big 3 are seen as indistinct. Today, it's the Big 3 whose image has blended together as Detroit, which is often used as a term of derision. A big part of our goal is to separate Chrysler from the domestic Big 3."

Chrysler still seems to think Mr. Iacocca, today and maybe sometime into the future, can do that job better than anyone else. □



Lee Iacocca's ad importance will increase this fall when the Intrepid, Concorde and Vision sedans are launched.

as chairman, Mr. Iacocca said he had one additional commercial to shoot, presumably for the LH sedans.

"It's hard work," Mr. Iacocca said in explaining why he didn't want to be the corporate spokesman any longer. Referring to the shooting for the Grand Cherokee commercial, which he completed in March, he said: "This one was 100 takes and eight hours. I don't get paid for it."

"I'm outta here," he added. The LH sedans are Chrysler's first all-new cars since 1980 and critical to the company's future in the car business.

And this yearlong buildup of Mr. Iacocca's image, culminating in his presence in the ads for the sedans, may make it especially difficult for Chrysler to drop him come December.

Indeed, his use this year, during a lengthy manufacturing launch for the sedans with initial limited vehicle supply, may almost ensure an encore performance in 1993,

Green

(Continued from Page S-34) closer to market. Their exhausts are considered less dangerous to the atmosphere than that of gas or diesel engines. "While [alternative] fuels have positive attributes, there are some trade-offs," says Ford's Mr. Fenstermacher.

Trade-off problems

"The principal trade-off is range and convenience. Alternative fuels are not widely available."

Flexible-fuel vehicles, which operate on a combination of fuels including gasoline, already are available in limited quantities to companies with private fleets.

Chevrolet is to deliver 1,200 1992 Lumina that operate on a mixture of 85% methanol and 15% unleaded gasoline.

"The lessons learned as consumers adapt to alternative-fuel vehicles will be invaluable," says Gery Jankovits, the fleet manager for alternative fuel vehicles at Chevrolet.

"This is uncharted territory. No one has a roadmap yet."

Summer tests

Chrysler plans to start general sales of methanol-burning Dodge Spirits and Plymouth Acclaims in California this summer. Its offerings are flexible-fuel vehicles because they can use M85, unleaded gas or any mixture.

The federal government has ordered 2,500 of the cars, but dealers in California will be able to sell them to anyone. Chrysler expects to sell 100,000 of the vehicles in the 1994 model year.

This week, Chrysler intends to deliver 50 full-size vans that run exclusively on compressed natural gas to a California fleet.

An issue beyond fuel is the ozone-depleting chlorinated fluorocarbon refrigerants used in auto air conditioners. The refrigerant usually known by its trade name Freon is being replaced with a CFC-free refrigerant.

Although the new refrigerant requires costly changes to air conditioning systems, automakers have been quick to accept it, well before a worldwide

ban on CFC is scheduled to start in 2000.

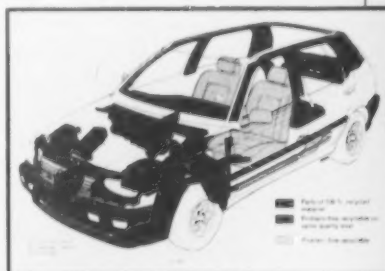
On March 2, Ford became the first U.S. manufacturer to build CFC-free Taurus models and plans to test-market the cars in Texas this year. Mercedes-Benz is also building CFC-free cars.

Manufacturers expect to bear more of the burden for recycling what they sell in the near future.

Volkswagen AG in Germany became the first automaker in the world to set up a pilot program to recycle scrap cars in 1990.

BMW of North America is leading the way in the U.S. It will start a pilot recycling program this spring with the Automotive Dismantlers & Recyclers Association.

The plan combines recycling with marketing incen-



Volkswagen's Golf includes recyclable parts, indicated by the shaded areas. Parts are coded to make the separation process easier.

tives to sell new BMWs. During the first phase of the program, BMW will offer a \$500 discount on a new BMW purchase when owners return their worn-out BMWs to authorized recycling centers.

Rich Brooks, a spokesman for BMW, says vehicle recycling isn't yet a popular buying consideration, but he notes that "people who buy our products are predisposed to environmental concerns and apt to do something about it."

Awareness ads

American Honda Motor Co. is among the few companies in the U.S. that created advertising devoted to raising awareness about the environment. It's marketing the 1992 Civic VX with a campaign that's literally green.

A print ad in the campaign is in green ink, right down to the Honda logo, which is usually blue. The headline, "Think of what you can save," refers to money, gasoline and the environment.

The corresponding TV spot shows the car with a forest glen growing up around it. □

Corporate ad spending and its efficiency

1991 vs. 1990 model years, ranked by lowest expenditure to unit sold

Company	1991 model year adv. exp. (in thousands)	Pct. change 91 vs. 90	1991 model year unit sales	1991 adv. exp. per unit sold	1990 adv. exp. per unit sold	Pct. change exp. per unit
Maserati.....	\$17	-71.3	240	\$71	\$248	-71.3
Alfa Romeo.....	419	-34.9	3,478	121	185	-34.8
Ford.....	427,442	-5.6	2,907,113	147	136	8.0
Chrysler.....	349,276	-9.2	1,569,406	223	221	0.6
GM.....	1,046,777	8.7	4,392,402	238	197	21.2
Honda.....	222,608	0.9	815,542	273	260	5.1
Mitsubishi.....	66,008	-6.6	184,443	358	334	7.2
Suzuki.....	8,548	90.5	21,413	399	202	98.0
Mazda.....	139,834	-14.1	346,659	403	451	-10.5
Nissan.....	243,519	-25.2	583,933	417	508	-17.9
Toyota.....	430,588	10.7	1,011,755	426	373	14.1
Volvo.....	30,351	-4.3	71,100	427	332	28.5
Volkswagen.....	53,523	-48.1	119,148	449	641	-29.9
Isuzu.....	73,911	26.5	124,239	595	440	35.1
Subaru.....	67,842	-23.8	109,647	619	828	-25.3
Hyundai.....	83,312	-4.6	127,588	653	620	5.4
Daihatsu.....	6,448	-11.5	9,661	667	433	54.3
Saab.....	21,235	24.6	26,445	803	656	22.4
Porsche.....	5,337	-42.6	5,544	963	1,006	-4.3
BMW.....	70,069	4.2	55,736	1,257	1,092	15.1
Mercedes-Benz.....	91,777	8.7	66,158	1,387	1,124	23.4
Peugeot.....	10,672	38.7	4,211	2,534	1,662	52.5
Range Rover.....	16,296	-29.6	3,309	4,925	5,052	-2.5
Rolls-Royce.....	3,266	-4.5	610	5,355	2,849	88.0
TOTAL	\$3,469,076	-2.7	12,559,780	\$276	\$256	7.8

Does not include dealership advertising.

Figures are for measured media only and include consumer magazine; newspaper-distributed Sunday magazine; newspaper; outdoor; network, spot and syndicated TV; cable TV networks; and spot and network radio. Also, figures represent ad spending for vehicles only.

Source: LNA/Arbitron Multi-Media Service and Automotive News Data Center.

Toyota takes bow

(Continued from Page S-14)
1 in promotions.

"They have many national sales events and spend gobs of money supporting them," Mr. Hagelstein says. "They bang the hell out of key markets."

All of this helps to raise awareness.

"Toyota's marketing is extremely traditional, almost domestic," says Mark Gjovik, exec VP-group account director, D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich. "They do the basics well. They pre-plan their promotions."

Although Toyota's advertising is rarely cited for creative prowess, the company's competitors gave upscale Lexus the highest score in the survey.

"That's probably because of the introduction of the SC400," says Mr. Postauer. "That was a good campaign, the opening wave, including that double fold-out insert. Even I liked that."

Others praise the entire introduction of the new division. "They really left no stone unturned," says Mr. Peterson. "The launch of Lexus was textbook perfect."

Team One's advertising earned high praise for its restraint as well as its attention to detail.

"Lexus' creative is almost sublime," says Mr. Gjovik.

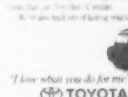
"It communicates the idea that 'god is in the details,' and it tells it to you one detail at a time."

Many car commercials try to cram in as many details about the vehicle as possible, a temptation Lexus has avoided.



Corolla. Over 15 million happy memories, and still counting.

"I love what you do for me."



Having entered the U.S. in 1958, Toyota can now market its cars with American nostalgia.

"It is always tempting to try and put too much in a commercial," says Jay Qualman Jr., general director of advertising for General Motors Corp.'s Buick Division. "When you have 30 seconds, someone will say, 'let's talk about four or five key product features.'"

Lexus tends to focus on a single attribute, such as smoothness of ride in its "Champagne Glasses" commercial or the sound system

in its "Rain" spot.

"One exquisite detail after another," says Mr. Gjovik.

In the area of sports marketing, Toyota tied with Chevrolet for the highest score in the Power survey. Toyota's high ranking probably can be attributed to years of high-profile sponsorships.

Examples include the Toyota Grand Prix and its name recognition, as well as a \$270 million, four-year deal with CBS for Major League Baseball and its support of the Skins Game golf tournament. The latter draws one of the biggest ratings of any golf event.

Toyota didn't score as well on the subject of green marketing, but another Japanese car company did: Honda.

Honda, which sells more cars in the U.S. than Toyota, has only produced one print ad (printed in green, including the traditionally blue logo) and one spot with environmental themes. However, it has consistently promoted high mileage for many years.

Honda's advertising also stands out because so few automakers in the U.S. currently use environmental themes in their advertising.

With much of the envy of Toyota stemming from its marketing war chest, and given that all the Japanese car companies now face significant profit reductions, Toyota's hold on the leadership marketing position probably will soon be put to the test. □

Raymond Serafin contributed to this story.

Spending hits \$3.5 billion

Maserati tops, Ford leads domestics in ad-to-sales ratio

For the 1991 model year, automobile marketers invested about \$3.5 billion in U.S. advertising in the measured media monitored by LNA/Arbitron Multi-Media Service (October 1990 through September 1991).

The 24 marketers sold slightly more than 12.5 million vehicles, for an industry ad-to-sales ratio of \$276 per unit (see chart at left).

Some marketers did better than others in the efficiency of their advertising buys. Maserati Automobiles was No. 1, with an ad-to-sales ratio of \$71. But the importer's ad expenditure was a paltry \$17,000, according to LNA.

Among the more mass-market car companies, Ford Motor Co. managed an effi-

cient \$147 in advertising per unit sold. Ford spent about \$427 million on the measured media. Of the Japanese nameplates, American Honda Motor Co. followed No. 5 General Motors Corp. with \$273 in ads per unit sold.

Below, the Top 5 spending nameplates in nine media are given for the '91 model year. □

Top 5 in Network TV spending

Brand	1991 model year (thousands)	Pct. change
Ford.....	150,417	-6.2
Chevrolet.....	129,785	-1.1
Toyota.....	119,304	13.1
Oldsmobile.....	94,193	18.3
GM corporate.....	94,031	20.0

Top 5 in Syndicated TV spending

Brand	1991 model year (thousands)	Pct. change
Toyota.....	16,274	8.9
Hyundai.....	15,627	305.7
Ford.....	12,988	17.2
Nissan.....	12,782	-24.9
Oldsmobile.....	9,091	47.2

Top 5 in Spot TV spending

Brand	1991 model year (thousands)	Pct. change
Toyota.....	99,975	-8.6
Nissan.....	86,811	16.2
Ford.....	40,359	30.3
Chevrolet.....	39,861	-7.9
Mazda.....	34,148	5.8

Top 5 in Magazine spending

Brand	1991 model year (thousands)	Pct. change
Ford.....	89,912	-13.5
Chevrolet.....	77,385	10.5
Toyota.....	67,045	50.9
Buick.....	44,636	29.1
Dodge.....	33,323	41.4

Top 5 in Network radio spending

Brand	1991 model year (thousands)	Pct. change
Volkswagen.....	12,862	3.4
Audi.....	10,112	-37.4
Dodge.....	9,909	49.2
Buick.....	7,819	-18.0
Subaru.....	6,165	75.9

Top 5 in Cable network spending

Brand	1991 model year (thousands)	Pct. change
Ford.....	10,508	63.3
GM corporate.....	6,994	56.6
Toyota.....	5,571	24.9
Volkswagen.....	5,433	24.4
Oldsmobile.....	4,993	92.5

Top 5 in Spot radio spending

Brand	1991 model year (thousands)	Pct. change
Chevrolet.....	11,022	4.1
Chrysler.....	10,763	-10.4
Mercedes-Benz.....	8,613	112.1
Acura.....	5,510	-15.2
Volvo.....	4,795	-36.4

Top 5 in Outdoor spending

Brand	1991 model year (thousands)	Pct. change
Saturn.....	2,123	5,287.1
Chevrolet.....	1,622	-33.2
Nissan.....	1,238	30.5
Ford.....	1,164	-41.1
Toyota.....	903	42.8

No waking up from nightmare

New England auto dealer: 'Next person to go is me'

By Jim Henry

Automobile dealers in the Northeast are using every club in the bag to drum up business.

Last year was the second year of a nationwide recession in auto sales, but many Northeast dealers were getting hammered for the third or fourth year.

"I lost money [in 1991] for the first time," says Robert Filardi, who owns Dor Porsche-Buick in Roslyn, N.Y. This happened despite cutting his payroll to 27 employees from a high of about 40.

Surviving dealers are



hanging on by unglamorous, tried-and-true methods—selling used cars, promoting service and parts and cutting advertising. (To save money, one dealer says he even cut his trash pick-up from twice to once a week.)

Such tactics might not seem big, but survival has replaced profit as the goal for many dealers.

"It was a horrible year," Mr. Filardi recalls. He sold only 35 new Porsches, compared with 175 in 1986.

He was encouraged that he sold seven Porsches and 32 Buicks this past January, the best month he's had for Buick since he picked up the franchise about a year ago.

Conditions have been particularly bad in New England because of banking and real estate crises on top of unemployment.

In Rhode Island, for instance, the private fund that insured the state's savings & loans was forced into bankruptcy in January 1990.

The state froze the bank accounts of about a third of the state's residents, and some still don't have their money back.

"It seems like everything is happening at the same time," says Aldo Sammartino, a dealer in East Greenwich, R.I. He has cut his staff to 16 from 25 two years ago.

"I got no place left to cut now," he says. "The next person to go is me."

Mr. Sammartino says selling program cars—cars pre-

viously in rental programs for up to about 15,000 miles—has helped him get by. He says his Bay Buick store used to average 480 new cars a year; 200 of the 444 cars he sold last year were used.

"I've become much more active in used cars. I go to the auction at least every other week to look at program cars. I fought it for three or four years, but I have to do it to survive," Mr. Sammartino says.

"I've been in the business 18 years, and I'm working harder now than when I started. You're seeing [dealers] who haven't worked in the business in 10 years back out on the showroom floor again. Guys are going to the auctions that haven't been to the auctions in 25 years," he says.

Many dealers aren't making it. From January 1989 to December 1991, the number of dealerships in the six New England states plus New York, New Jersey and Pennsylvania fell 7.4% to 5,067, according to National Automobile Dealers Association. The U.S. total fell 5.5% in the same period, while Massachusetts dealerships fell 11.5%, Rhode Island, 13.3%.

"I didn't make it," says a New York-area dealer who filed for Chapter 11 bankruptcy protection last year, after spending half his life working at the family dealership. "I'm still convinced we did everything right that we could control," says the dealer who asked not to be named.

"In the New York area, I don't see an end in sight," he says. "Things are so bad here, even the used-car business is hurting."

Some automakers have tailored their operations to help shore up the Northeast.

Subaru of America, for instance, has a pilot captive-financing arm in New England, in partnership with Nissan Motor Acceptance Corp. It's to help dealers with wholesale and retail financing.

Subaru of New England, an independent distributor, has a much higher percentage of exclusive Subaru dealers than the rest of the country, and the exclusive franchises don't have ready-made financing through other franchises.

Pontiac's New York-based zone started a low-cost lease program for the '91 model

year that was so successful the idea was used nationwide.

The program has since been discontinued, but it was "probably the savior of Pontiac in this area" last year, says longtime dealer Eli Bloom, owner of Bloom Pontiac and Saturn of Long Island City (N.Y.).

Mr. Bloom says he still has faith a cyclical business like the auto industry is bound to come back—but says the cycles have gotten longer.

"To say it's the worst ever, I don't know about that; but it's as bad as I've seen it, and it's lasting longer," he says.

He says he has resorted to "very few" layoffs, and has

cut, but not eliminated, advertising.

"You can't cut your insurance. You can't cut your heat and light and power . . . So you look at things you can control," Mr. Bloom says.

Is there an upturn in sight?

Mr. Bloom says showroom traffic picked up in January. "It didn't translate into sales to the extent I would like; people are taking longer to make a decision. But the encouraging thing is an awful lot of people are out there looking, and where there's smoke there's fire." □

Ford dealer spending leads pack

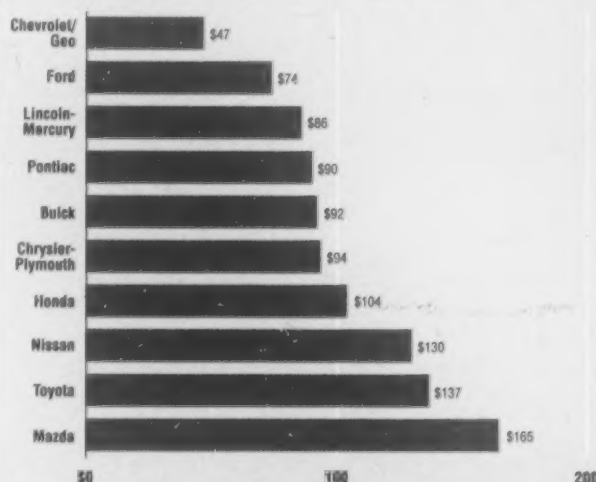
The vehicles of Ford Motor Co. top other automakers in ad support from local dealers and dealer association groups, according to figures from LNA/Arbitron Multi-Media Service, with a total of about \$173 million (chart below).

In efficiency of dealer/dealer group advertising, General Motors Corp.'s Chevrolet and Geo nameplates came out on top, with Ford No. 2 (chart at right).

National Automobile Dealers Association estimates dealers spent \$3.6 billion on ads and promotions in 1990, using dealer-supplied figures. □

Local ad efficiency of top brands

Top 10 automotive lines by total measured dealer advertising in 1991 model year, ranked by spending per unit sold.



Source: LNA/Arbitron Multi-Media Service, Automotive News Data Center

Local dealer and dealer association ad spending

1991 vs. 1990 model years, ranked by total expenditure

Make	Local Dealer adv. spend. (in thousands)	Pct. change 91 vs. 90	Association adv. spend. (in thousands)	Pct. change 91 vs. 90	Total (in thousands)	1991 adv. exp. per unit sold	Pct. chg. adv. exp. per unit 91 vs. 90
Ford	\$71,777	-28.6	\$101,095	-14.6	\$172,872	\$74	-8.4
Toyota	50,899	-17.0	78,562	-6.2	129,462	137	-7.1
Chevrolet/Geo	57,706	-32.3	50,214	-37.5	107,920	47	-25.2
Nissan	36,640	32.1	35,500	255.0	72,140	130	114.8
Honda	18,668	2.1	51,576	-3.6	70,243	104	2.6
Mazda	9,893	39.2	47,375	-9.4	57,268	165	0.4
Buick	14,546	-17.2	35,305	12.3	49,851	92	-3.1
Lincoln-Mercury	16,911	-33.9	31,604	-35.1	48,515	86	-29.2
Pontiac	8,327	-24.1	39,900	-14.3	48,225	90	3.0
Chrysler/Plymouth	20,559	-18.6	27,484	-9.5	48,043	94	4.8
Dodge	17,773	-32.7	27,196	-15.3	44,969	54	-20.5
Oldsmobile	10,723	5.0	32,701	-14.3	43,424	91	-1.2
Jeep	6,496	-30.2	33,971	-2.8	40,467	230	7.4
Hyundai	7,992	-21.9	31,882	10.0	39,875	313	12.3
Cadillac	13,449	-32.9	23,058	-43.2	36,507	167	-29.2
GMC	6,881	-50.0	26,161	-19.4	33,042	114	-19.5
Lexus	15,439	28.1	16,735	62.8	32,175	492	25.9
Acura	10,934	0.1	19,045	1.0	29,979	216	1.8
Mitsubishi	6,936	17.5	20,209	-18.3	27,145	147	1.7
Infiniti	22,287	38.4	1,666	-73.1	23,953	829	-36.3
Isuzu	1,996	-24.6	14,875	-13.5	16,871	136	-9.2
Mercedes-Benz	4,168	-30.8	10,288	-11.0	14,456	219	-6.7
Volkswagen	8,399	84.2	5,592	-56.6	13,991	132	4.8
BMW	9,371	107.0	3,784	-61.4	13,155	236	1.4
Saturn	7,879	—	1,196	—	9,075	179	—
Volvo	3,533	-25.4	3,265	-68.8	6,797	96	-40.0
Subaru	3,217	-33.6	2,929	-9.3	6,146	56	-25.3
Saab	2,809	33.0	2,787	-50.7	5,597	212	-29.2
Jaguar	4,213	-8.2	1,040	-5.2	5,254	446	50.5
Audi	1,024	9.2	1,213	-63.3	2,237	170	-10.2
Peugeot	176	-71.8	716	-68.6	892	212	-66.2
Range Rover	—	—	689	-43.1	689	199	-24.1
Suzuki	360	-74.6	232	-79.8	592	28	-76.0
Porsche	253	-69.5	75	—	328	59	-34.2
Daihatsu	274	-12.6	—	—	274	26	52.3
Alfa Romeo	103	-78.4	—	—	103	27	-82.5
Sterling	—	—	80	-91.4	80	23	-89.0
Lotus	43	21.3	—	—	43	134	21.3
TOTAL	\$472,655	-14.6	\$700,007	-13.7	\$1,252,662	189	-13.6

Figures are for measured media only and include consumer magazine; newspaper-distributed Sunday magazine; newspaper; outdoor; network, spot and syndicated TV; cable TV networks; and spot and network radio. Also, figures represent ad spending for vehicles only.

Source: LNA/Arbitron Multi-Media Service and Automotive News Data Center.

Program cars turn quagmire

Carmakers' effort to control flow in Florida founders

By Lindsay Chappell

Florida is the center of a nettlesome problem for carmakers.

Last year, about 20 million tourists arrived in Florida by plane, many of them needing a car. As a result, Florida rental agencies purchased about 300,000 new cars. That's 3% of all the new-car sales in the U.S.

The automakers aren't complaining about sending that many cars into Florida, especially since Ford Motor Co., General Motors Corp. and Chrysler Corp. own pieces of major rental chains. The problem is getting the cars out of Florida four to six months after original delivery.

After a few months and a few thousand miles, these rental cars—and those in daily rental fleets elsewhere in the country—are returned to the retail market for resale as so-called "program" cars.

But a recent gambit by U.S. carmakers to gain better control of this huge fleet of program cars looks to be petering out.

GM, Chrysler and Ford all established factory-direct operations last year to move thousands of cars a

week from daily rental companies to dealers for used-car sales.

But Chrysler shut its operation down early this year. Ford's effort could end by summer, and GM's attempt is hobbling along with a volume of about 2,000 cars a year.

That probably leaves the factories back where they started—letting national auction chains distribute the cars.

That's good news for the auctions, which derived about \$5 billion from such cars last year. It's also an indication the program-car phenomenon has become too big for simple solutions.

Rental companies last year bought one-fifth of the nation's entire new-car volume, according to *Auto Rental News*, a trade magazine. Many dealers say the surfeit of low-mileage, good-condition used cars is luring buyers away from new cars.

If program-car mileage is too low, pricing on new cars can be undercut. If program cars aren't evenly redistributed around the country, used-car pricing can be undermined.

Although factories and auctions

police the trade to prevent "unauthorized buying," it goes on anyway.

Chrysler last year opened an office in West Palm Beach, Fla., to establish dealer-direct sales. Chrysler contended dealers would find it more efficient to order the used cars from the factory than to travel to an auction.

But lack of dealer interest caused its closing.

GM's dealer-direct operation also was launched in Florida. Unlike Chrysler's, it's still in business.

Dealers phone or fax the office to find out what vehicles are coming back into the market. The dealers can buy the cars sight unseen at set prices before they're passed along to the auction companies.

These experiments raised eyebrows at the auctions, where the idea was apparently more threatening in theory than in practice. GM moved about 700,000 program cars through auctions last year, Ford moved 350,000, and Chrysler about 250,000.

Dale Hermiller, executive director of GM's fleet redistribution operation in Detroit, is quick to allay the

auctions' concerns.

"It's not that we're trying to bypass the auctions and save a lot of money," he says. "The auctions will always be the major redistribution method. Our intention is to try to gain better control of what's happening out there."

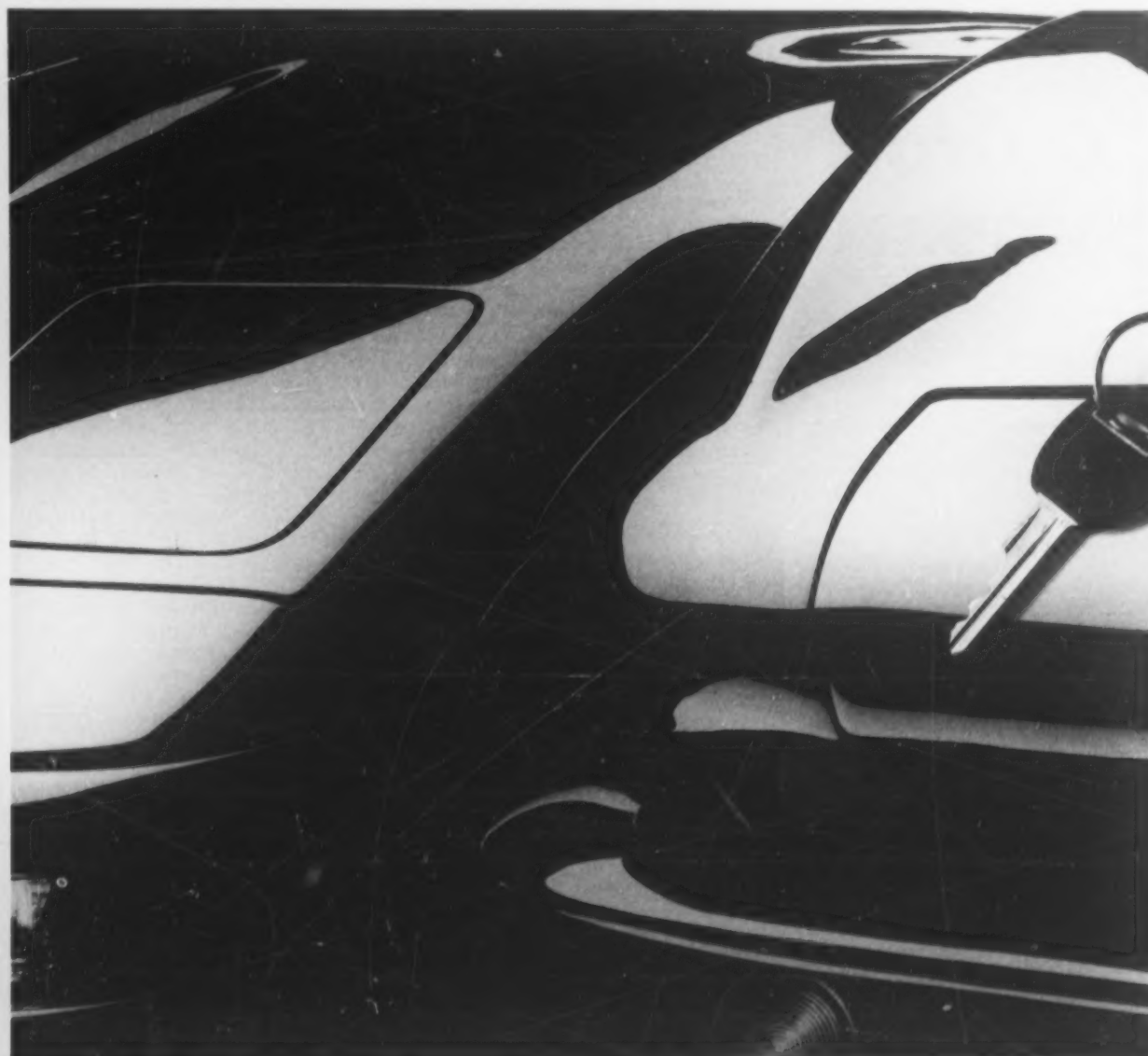
Ford took a different direction in its dealer-direct experiment by opening four "123 Ford" stores specializing in existing dealerships in different regions of the country to specialize in program cars.

Indications are sales at those stores have been disappointing so far, and Ford appears to be reconsidering the idea.

Carmakers now are looking for other means of regaining market control. They're reducing the overall program-car volume by selling the rental companies fewer cars during the year. In 1991, most rental agencies turned their fleets over three times, keeping cars an average of four months. Due to factory policy, many will cut back to a six-month cycle this year.

That also will push up the mileage on the average program car. Mr. Hermiller says the average GM program car showed about 10,000 miles at the beginning of 1991 but had increased to 13,000 by yearend.

Tom Cunningham, Ford's manager of vehicle remarketing, says his company's program cars are beginning to show up near the 20,000-mile level. □



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In Europe, image is key

As exec puts it, 'Lexus and Infiniti are fantastic cars but lack class'

By Diana T. Kurylko

Writing from Frankfurt

With the prospect of European Community quotas on Japanese cars being dropped in eight years, European manufacturers already are playing up an attribute those competitors won't be able to buy or build: heritage.

And that isn't necessarily the automaker's country of origin.

For a German manufacturer like BMW, it's superior engineering. A.B. Volvo of Sweden has a reputation for safe cars. Italian Alfa Romeo rides on the laurels of engines that won numerous races. The French Renault has savoir-faire.

In that subtle European way, the major marques are solidifying images created over decades.

"The Japanese are creating an impetus to have traditional European car manufacturers look at what their cars stand for," says Douglas Thursby-Pelham, management supervisor at ad agency Publicis, London, which handles Renault. "The Japanese are advanced technologically. They are great copiers, but one thing they can't quickly appropriate is heritage. Lexus and Infiniti are fantastic cars, but they lack class."

German-based Volkswagen AG, Europe's No. 1 automaker, is stressing safety and environmental friendliness in its cars.

"As far as safety and the environment go, this is a differentiator. We will be more advanced than the Japanese and the competitors," says Hans Hungerland, member of the VW management board responsible for Volkswagen/Audi sales worldwide.

Alfa Romeo is climbing upstream and counting on its performance image to lure buyers. It no longer is just building sports cars like the Spider or "pure Alfas" like the 75, high on performance but short on comfort. Alfa models are becoming bigger and more luxurious—competition for Audi, BMW, Mercedes-Benz and Volvo.

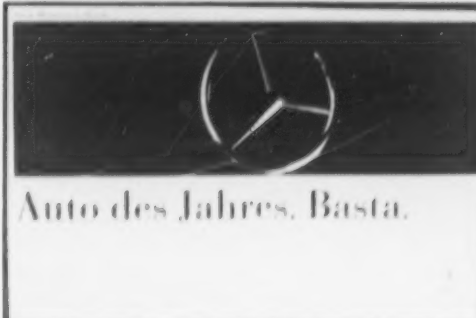
Philip Gamba, VP-marketing at Renault, believes Japanese brands lack the "French touch" of that automaker's designs and credibility. "We have culture and a touch at making cars the Japanese don't," he says.

The major difference between French and Japanese cars is cost, Mr. Gamba says. But he adds, "We have eight years to get on the same level with price and in our way of work."

These days, Renault is "building a

car for the occupant with a lot of effort on comfort," he says. "We believe the car cannot be for status; we are not prestige-oriented."

BMW is trying to communicate not the prestige of owning a luxury



German commercial for Mercedes-Benz touts the nameplate as "Car of the Year. Period." European automakers are pushing image hard.

marque but "the inner value" of its cars, says Richard Gaul, a company spokesman.

"In our price class, safety and comfort will be of more importance than the outlook and presence of being affluent," he says. "To communicate value in products will be of growing importance."

BMW's edge may be its German heritage, but it leaves itself room to assemble cars elsewhere. "BMW is

engineering in our environment. Made in Germany or made in Europe will all be the same," he says.

Audi will play up the Germanness of its cars.

Neil Christie, account director on Audi at London agency Bartle Bogle Hegarty, says the Japanese are associated with value for money, high specifications and technical expertise.

"The [European] car market will have to be more focused about developing their individual [brand] images and reputations," he says.

But not every car company will want to stress its country of origin, Mr. Christie says.

"It would be much more difficult for a car company like Rover Group to emphasize its country of origin since the U.K. isn't an appealing country of car manufacturers."

Similarly, Mr. Christie says, Volvo probably will continue to advertise safety rather than its Swedish heritage.

Matsola Palm, exec VP of Volvo, says the company is focusing on four areas that have been key for the Swedish maker: "safety, environmental care, reliability and durability."

But as other carmakers stress these features, Volvo's fight to differentiate itself from the competition will become more difficult, he admits. "If you are in the forefront, the others have to pick up. You cannot stay and wait or you will be passed." □

Elena Bowes in London contributed to this story.

In Japan, Detroit dares to compare

By Mary Ann Maskery

Writing from Tokyo

U.S. automakers are trying to change the popular image of their automobiles here by using imported marketing tactics.

Comparative advertising, which General Motors Corp. is trying, historically hasn't gone over well in this country. Direct mail, a cornerstone of Chrysler Corp.'s plan, is expensive and difficult. And new-car showrooms were practically unknown until Ford Motor Co. and Mazda Motor Corp. started using them about a decade ago.

Comparison ads have been legal here since 1986, but GM is the first company to fully exploit the tactic. GM recently unveiled a new print ad from McCann-Erickson Hakuhodo that specifically compares the size, fuel efficiency, quality and price of Cadillac Seville STS with Nissan Motor Corp.'s Infiniti Q45.

"We have felt for a long time there are major misconceptions in Japan about American cars. We want to

dispel them," says Jim Steinhagen, VP for General Motors Japan. GM is trying to change the image of American cars as big, expensive gas-guzzlers with inferior quality.

On the surface, the GM campaign is risky. Popular wisdom suggests Japanese consumers have never accepted comparative ads.

"I don't think comparison advertising will increase in Japan because it does not fit the Japanese culture and will not be accepted," says a Hakuhodo agency spokesman.

Yet two previous brushes with the technique suggest it could find some success.

Last May, Pepsi-Cola Co. pulled a TV commercial featuring rap star Hammer that showed a can of Coca-Cola after four Tokyo stations refused to continue running it. In August, two stations resumed play with the cans inked out and an audio reference to Coke bleeped.

Nissan Motor Sales broached the edge of discretion in 1988, when then-President Yutaka Kume named Honda's Prelude as the target for his company's Silvia coupe. Though Mr. Kume's comments at a press intro-

duction were never part of advertising, they were criticized in the press.

Silvia sales overtook Prelude sales seven months after the car was introduced, but Nissan hasn't repeated any such similar move.

The new GM campaign has drawn widespread news coverage, but it's too early to determine how consumers here will react to it.

Yoshikazu Iino, deputy manager for PR at Yanase & Co., GM's distributor, says there has been no negative comment to date. And Hiroshi Kurebayashi, a manager at the Dentsu ad agency,

"Comparison advertising . . . does not fit the Japanese culture."

which handles Ford Motor Co., says the GM ad "is done in a reserved tone and will be accepted favorably."

Chrysler Japan Sales, which handles most Chrysler business in Japan with agencies Saatchi & Saatchi Advertising K.K. for Jeep and Bozell Meitsu for Chrysler passenger cars, is using another tactic that's not so controversial as it is difficult.

The marketer isn't running any TV commercials because of the high cost, says Izumi Kato, member of the liaison division for Chrysler Japan Sales, but it's supplementing its print advertising with direct mail.

"The direct mail concept is just

beginning in Japan," GM's Mr. Steinhagen says, because many Japanese have a concern for privacy, making it difficult to compile an effective list.

Detroit's Big 3 have made major efforts to expand sales in Japan. GM sales grew 8.8% to 9,261 units in 1991, despite a 10.7% falloff in the import segment during the same period. Ford sold 2,959 imported units, down 50.9%, and Chrysler sold 1,491 cars and Cherokees, up 4.1%.

Ford executives applaud GM's approach. "We think [the campaign] is a very good thing to improve the image of American cars," says Hiroo Tanabe, manager of external affairs for the Ford importer.

Ford has made its own effort to make a dent in the popular image of American cars. Last year, it invited several Japanese journalists to the U.S. for a 1,000-mile test drive from Dearborn, Mich., to Atlanta.

The resulting articles in Japanese car-enthusiast magazines were somewhat critical, says Mr. Tanabe. "But, overall, it was successful. At least they saw the vehicles as they are."

Ford Japan is discussing further ways to promote sales with Autorama, the sales channel jointly owned with Mazda that was set up to sell Ford imports and Ford-badged vehicles built by Mazda. Autorama introduced the concept of showroom sales to Japan when it was formed 10 years ago. □

GALLERY

Quality, safety, durability and dash of style bring '92 advertising into focus



◀ Jeep claims the top of the mountain in a wry spot created for the Chrysler Corp. brand by Campbell-Mithun-Esty, Southfield, Mich. Ad executives for an unnamed auto company meet on a mountain with a TV commercial director to discuss a shoot that will demonstrate their product is as good as a Jeep. They solve the problem of how to get their vehicle to the top by agreeing to airlift it by helicopter. The executives then climb into Jeep vehicles to get down from the mountain, as one says, "This is going to be a great commercial."

Range Rover of North America's "Sledgehammer" TV spot for Land Rover stands out in a crowd. The commercial, created by Grace & Rothchild, New York, is set to "The Anvil Chorus" from Wagner's "Tannhauser." Two coverall-clad men use sledgehammers to pound on the underside of a Land Rover that's lying on its side, without damaging the vehicle. Voice-over then says, "Before investing in a luxury car, may we suggest you do slightly more than kick the tires." ▶



Hyundai. Yes, Hyundai.

▲ Hyundai Motor America decided to address the issue of its product quality during the introduction last fall of the Elantra subcompact sedan. This ad focuses on vehicle testing by Hyundai; a similar TV spot features the Jerry Lee Lewis classic "Whole Lotta Shakin' Goin' On." The ad also introduces Hyundai's ValueCare ownership program, in which all scheduled maintenance for two years or 24,000 miles is free. "About all you pay for is gas," the ad says. Backer Spiofvoel Bates, Irvine, Calif., handles the account.

Until Seville STS

MOTOR TREND

CAR OF THE YEAR

At Chrysler, air bags are only part of the safety picture.



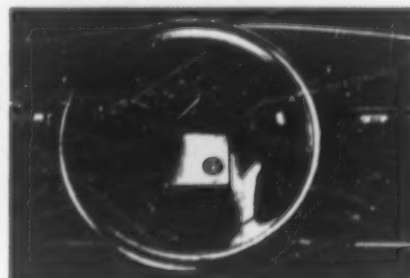
ADVANTAGE: CHRYSLER

CHRYSLER FINANCIAL CORP. CHRYSLER CREDIT CORP. CHRYSLER RENT A CAR

For the 1992 model year, Ford Motor Co.'s Ford Division freshened up its nine-year-old theme line "Have you driven a Ford lately?" with new music and lyrics, still sung by vocalist Kacey Cisyk. A 90-second spot that launched the new style featured emotionally evocative visuals of Americans. J. Walter Thompson USA, Detroit, handles Ford. ▶

◀ Cadillac's 1992 Seville and Eldorado advertising helped break down baby-boomer resistance to domestic cars. The General Motors Corp. division is capitalizing on press praise, such as being named car of the year by Peterson Publishing Co.'s *Motor Trend*. Such endorsements are important to skeptical baby boomers, according to marketing executives at Cadillac and its agency, D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.

GRAB THE RECESSION BY THE HORN.



VOLKSWAGEN ANNOUNCES
PAYMENT PROTECTION PLUS.



SEE YOUR CHICAGO/LAND VOLKSWAGEN DEALER

▲ Volkswagen of America broke new marketing ground with its "Payment Protection Plus" program for buyers of VW vehicles. The campaign sparked interest from recession-weary consumers after it was announced in January via TV spots and newspaper ads. Under the program, VW has offered to make up to 12 months of car payments for buyers who are later laid off from their jobs. Monthly payments, plus car insurance, will be paid up to \$500. The strategy, developed by VW and DDB Needham Worldwide, Troy, Mich., was meant to restore consumer confidence.

◀ Chrysler Corp. staked out a position as a leader in safety, and now it's trying to expand that image by emphasizing a variety of vehicle safety features. The company was the first to offer an integrated child seat, beginning with its 1992 minivans, one of the items featured in this print ad. Bozell, New York, handles Chrysler corporate advertising.



Sales dip, but vibes are good

WILLIAM R. DIEM
Assistant Managing Editor

Car and light-truck sales fell 2.9 percent, to 340,738, in the middle 10 days of March, but there were indications that business continues to get better.

Truck sales were up 2 percent over last year, and the lost car sales seem to have been program cars, sold to daily rental fleets.

"I never heard of a program truck," said Joel Pitcoff, Ford Motor Co.'s sales analyst, explaining why trucks are a good gauge of the retail market. He said that at Ford for the first 20 days of March, retail car sales were up 10 percent and non-program fleet sales were good. Overall, Ford car sales were up 3.5 percent for March 1-20 despite fewer sales to daily-rental firms.

"A year ago, we were in the sec-

ond of three turn cycles in the daily-rental business," said Pitcoff. But since last spring, Ford has told rental companies to keep cars for six months or 15,000 miles. That means fleets will turn over twice a year instead of three times. Many of last fall's rental units will be due for replacement in April and May.

General Motors sales also are less dependent on fleets this year. "The fleet mix is off 2 1/2 percentage points year to date," said spokeswoman Toni Simonetti. Overall sales are up 4 percent.

For the 10-day period, GM sales dropped 8.8 percent, "but it's tough to put too much emphasis on any 10-day period," said Simonetti. That is mainly because fleet sales are not spread out evenly. For instance, sales of the Cavalier, a popular fleet vehicle, were down more than 3,000 units

to 6,020 during the period, indicating a sales bubble last year.

Cadillac sales rose 4.4 percent in the 10 days, thanks to the Seville. Year to date, said Simonetti, Cadillac's fleet mix is 5 1/2 percentage points lower than last year, and "Seville is much stronger on the retail side."

Toyota Motor Sales U.S.A. Inc. had a great period, up 32.2 percent. Its U.S.-built Camry and Corolla models rose 2,911 units, or 38.8 percent.

American Honda Motor Co. Inc., which generally sells fewer than 10 percent of its cars to fleets, was down 11.5 percent for the 10-day period.

Chrysler Corp. sales were estimated to be off 6.6 percent for mid-March. *Automotive News* estimates sales for Chrysler and many imports.

is a member of the Ford Dealer Council. North said his dealer orders are up 15 percent this year, with trucks, Escorts, Tauruses and Tempos his hottest sellers.

GM: POCKETS OF PLUS

GM dealers are not as enthusiastic as Chrysler's and Ford's, although there are pockets of excitement.

Spokesman Reginald Harris said Pontiac's order bank is up 19 percent as dealers clamor for Grand Ams, Trans Sports and Bonneville. "We had a meeting with the LAD (Lansing Automotive Division) people last week to ask for a lot more Grand Ams," Harris said.

Robert Coletta, Buick general manager of sales and service, said many Buick dealers are planning to order more cars.

Chevrolet spokesman J. David Huggins said the Chevrolet order bank is up, "particularly in our core, volume products. Dealers are

Larry Cummings Oldsmobile-GMC in Crawfordsville, Ind., said, "We're having a good month."

"Because of Indiana tax laws, we get into the spring selling season earlier than other places in the country."

He said the Achieva is the hottest Oldsmobile product he has had in a decade. "We got our first Achieva on Jan. 7 and we had delivered 15 by March 7. Eleven of the 15 were leases." Oldsmobile offers a \$199-a-month, four-year lease on the Achieva.

At the other end, Cummings said, "The Ninety Eight is extremely slow. The market at that price level is really slow right now."

JAPANESE: MIXED

There are voices of caution. California megadealer John B.T. Campbell III, who has Saturn, Ford, Mazda, Buick, GMC, and Nissan franchises, said the outlook is mixed.

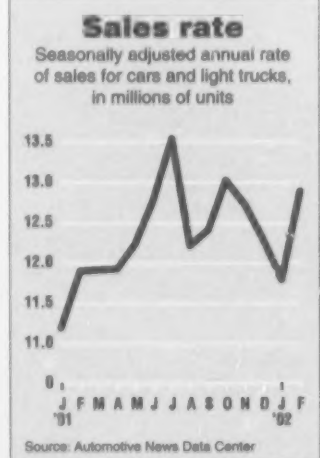
"It's not 1986 again, but it's better than last year and I'm not complaining," Campbell said. "Ford is doing pretty well. Buick and GMC business is OK. The new models of GMC trucks (Suburban and Yukon) have been in short supply, and that has hurt. But I'd rather have the plant build fewer trucks as long as the quality stays high. Nissan is the tough one right now."

Dave Conant, general manager of Norm Reeves Honda Superstore in Cerritos, Calif., is optimistic but doesn't see a break-loose recovery. "I'm seeing more lookers and buyers," Conant said. "The California recovery is going to lag behind the rest of the country."

At Toyota Motor Sales U.S.A. Inc., Art Garner, spokesman for Lexus Division, said there has been a surge in demand. "The biggest thing we're hearing from dealers is that buyers are suddenly a lot more serious — less lookers and more buyers."

And Executive Vice President Robert McCurry offered "guarded optimism" for the economy. He noted positive movement in housing and factory orders for durable goods.

But at Mazda Motor of America Inc., Sales Vice President Duke Hale said dealer order comparisons must be tempered by year-to-year analysis: "You have to look, in all cases, at what's being compared. A lot of our competition wasn't aggressive at all last year in the first quarter during the war. For them, it won't be hard to be up a lot over last year."



FORD: "DRAMATIC"

Dealer orders are up at both Ford and Lincoln-Mercury.

Ross Roberts, Ford Division general manager, said most dealers are ordering their maximum allocations, and factories supplying Ford vehicles are working on an ideal 15-day lead time.

"Last year, we were on a three-day lead time on dealer orders," Roberts said, "so this is a dramatic difference."

Roberts said orders were so scarce last year that he would decide on a Thursday if a plant would open the next Monday.

One big boost has been the 25,000 orders for the Crown Victoria police car, which began production this month.

At L-M, spokesman Chuck Searly said 1992 dealer orders through mid-March are up 36 percent over the same period last year. Searly said the big winners are the Mercury Sable, Grand Marquis, Topaz and Capri.

Ford and L-M dealers agree that consumer traffic is up.

"We're looking at a Ford year and maybe a Ford decade," said Elvin Poole, general manager of McInerney Ford Inc. in Orlando, Fla.

Poole said he has bought 100 Explorers from the factory and other dealers. "Every doctor in town has to have an Explorer," he said. "They all want green."

Jim North, owner of North Brothers Ford in Westland, Mich.,

10-DAY CAR AND TRUCK SALES, BY MAKE

	Mar. 11-20, 1992	Mar. 11-20, 1991
ALFA ROMEO (imp. car)*	111	80
Acura (imp. car)	4,491	5,459
Domestic car	10,814	11,205
Imported car	3,005	4,029
Honda	13,819	15,234
AMERICAN HONDA	18,310	20,983
ASTON MARTIN (imp. car)*	2	2
BMW (imp. car)*	1,128	1,010
Domestic car	2,627	3,654
Imported car	0	26
Domestic truck	123	110
Chrysler Division	2,758	3,789
Domestic car	7,399	10,290
Imported car	695	738
Domestic truck	13,948	12,417
Imported truck	119	98
Dodge	22,162	23,543
Domestic car	770	1,071
Imported car	326	146
Eagle	1,096	1,217
Domestic truck	5,387	4,796
Jeep	5,387	4,796
Domestic car	4,304	5,985
Imported car	399	258
Domestic truck	5,141	4,577
Plymouth	9,844	10,820
Domestic car	15,100	21,000
Imported car	1,420	1,167
Domestic truck	24,600	21,900
Imported truck	119	98
CHRYSLER CORP.*	41,239	44,185
Imported car	310	129
Imported truck	183	78
DAIHATSU	494	296
FERRARI (imp. car)*	24	24
Domestic car	32,575	33,856
Imported car	1,022	1,169
Domestic truck	38,389	33,804
Ford Division	71,986	88,831
Domestic car	4,238	5,552
Lincoln	4,238	5,552
Domestic car	8,874	8,040
Imported car	1,301	2,350
Mercury	10,175	10,390
Domestic car	45,687	47,450
Imported car	2,323	3,519
Domestic truck	38,389	33,804
FORD MOTOR CO.	86,399	84,773
Domestic car	11,401	15,746
Buick	11,401	15,746
Domestic car	5,347	5,121
Cadillac	5,347	5,121
Domestic car	26,747	32,303
Imported car	1,400	2,042
Domestic truck	27,479	33,696
Imported truck	93	31
Chevrolet	85,719	88,872
GMC	8,879	8,833
Domestic car	12,791	13,668
Domestic truck	1,102	722
Oldsmobile	13,893	14,390
Domestic car	15,743	14,969
Imported car	663	871
Domestic truck	845	509
Pontiac	17,251	18,429
Domestic car	5,925	1,208
Saturn	5,925	1,208
Domestic car	77,954	83,015
Imported car	2,063	2,913
Domestic truck	38,305	43,840
Imported truck	93	31
GENERAL MOTORS	118,415	129,799
HYUNDAI*	2,855	2,843
Imported car	242	201
Domestic truck	1,548	1,057
Imported truck	1,720	2,046
HISUZU*	3,510	3,383
JAGUAR (imp. car)*	193	170
LAMBORGHINI (imp. car)*	4	4
LOTUS (imp. car)*	8	8
MASERATI (imp. car)*	8	8
Domestic car	2,216	3,176
Imported car	3,739	2,631
Domestic truck	172	265
Imported truck	1,742	2,113
MAZDA*	7,869	8,184
MERCEDES-BENZ (imp. car)*	1,415	1,194
Domestic car	1,766	1,451
Imported car	2,505	2,927
Imported truck	452	1,148
MINI*	4,723	5,527
Infiniti	777	572
Domestic car	2,289	3,739
Imported car	5,043	4,561
Domestic truck	2,939	3,421
Imported truck	3,891	3,392
Nissan	14,161	15,112
NISSAN MOTOR CORP.	14,938	15,684
PEUGEOT (imp. car)*	14	95
PORSCHE (imp. car)*	123	97
RANGE ROVER (imp. truck)*	77	61
ROLLS-ROYCE (imp. car)*	7	7
SAAB (imp. car)*	439	543
STERLING (imp. car)*	0	63
Domestic car	1,325	1,363
Imported car	1,003	1,558
SUBARU*	2,328	2,931
Imported car	122	99
Imported truck	282	395
SUZUKI*	404	494
Lexus (imp. car)	3,198	1,234
Domestic car	10,421	7,510
Imported car	10,850	9,313
Domestic truck	978	0
Imported truck	7,278	6,895
Toyota	29,527	23,518
TOYOTA MOTOR SALES	32,725	24,752
Audi (imp. car)	328	282
Imported car	1,830	2,260
Imported truck	31	113
Volkswagen	1,860	2,373
VW/A*	2,188	2,636
VOLVO*	1,496	1,718
YUGO (imp. car)*	95	74
Domestic car	167,572	179,909
Imported car	50,366	58,578
TOTAL CAR	217,938	238,487
Domestic truck	106,931	104,287
Imported truck	15,889	18,189
TOTAL TRUCK	122,820	122,456
TOTAL CAR & TRX.	340,738	360,943

*Estimated
Breakdown of North American built and imported car sales not available.
There were 9 selling days in the period this year and 9 last year.

"But for us, we had a good first quarter last year compared to 1990, so if we're up over that, we're pleased. I'm hearing encouraging things from people in almost every region. This is especially noteworthy in the Northeast, which we all know has been hit the hardest."

EUROPEANS PREPARE

European luxury makes, which depend on the Northeast, expect a recovery. BMW, Jaguar and Mercedes-Benz all reported that orders are up as dealers build inventory for spring. Volvo Cars of North America believes a recovery is further away.

"There are a number of things fundamentally wrong with the economy," said Volvo spokesman Robert Austin.

BMW of North America Inc. expects its dealers to sell 16,000 cars in the second quarter compared with 13,000 last year, said spokesman Thomas McGurn, due in part to anticipated interest in the new

325i and the 318i.

Don Hicks, owner of Shortline Subaru-Hyundai-Suzuki in Aurora, Colo., said, "I'm very optimistic that sales in our area are going to get stronger still."

Wayne Williams, owner of Williams Auto World (VW-Audi-Subaru-Porsche-Mercedes-BMW) in Lansing, Mich., said he is very optimistic. He said the average time between initial consumer contact and actual purchase is about 10 days compared to the six or seven weeks last fall.

"We normally carry one or two VW Cabriolet convertibles, but I just bought five more for a total of seven," said Williams. "We're trying to get as many new and used Porsches as we can. When consumers make the decision to buy they want it now."

Managing Editor Edward Lapham wrote this story. It was reported by Staff Reporters Kristine Stiven Brees, Mary Connelly, Phil Frame, Jim Henry, Kathy Jackson and Arlena Sawyers.

INCENTIVE WATCH—DEALER INCENTIVES	
CONTINUING PROGRAMS	
ACURA (1991 models, expires May 1)	
Legend sedan	\$2,500
Legend coupe	\$3,000
AUDI (1991 models, no expiration date)	
Audi 100 and 200	\$1,500
Audi 90	\$1,000
Rebates apply to models purchased by dealer from Audi of America port stocks.	
BMW (no expiration date)	
750iL (1991)	\$10,000
CHEVROLET (expires May 4 on 1991 models, June 4 on 1992 models)	
Corvette ZR-1	\$2,000
Other Corvette	\$1,000
HONDA	
Accord, Prelude (1991, no expiration date)	\$500
Accord (1992, Calif. only, expires April 2)	\$500
ISUZU (No expiration date; 1990-92 models unless otherwise noted. Rebates vary by regions.)	
Impulse	\$1,300-2,500
Stylus S	\$600-800
Stylus S (Calif. only)*	\$1,250
Stylus RS	\$600-800
Stylus XS (1991, except Calif.)	\$1,100
Stylus XS (Calif. only)*	\$2,500
Rodeo 4x2	0-\$600
Rodeo 4x4	\$750-850
Trooper (except Calif.)	\$750-850
Pickup	\$500-1,500
Pickup (1991 4x4, bonus in some regions)	\$400
*Dealer has option of sharing rebate with buyer.	
LOTUS (1991, no expiration date)	
Elan	\$5,000
Esprit Turbo	\$11,000-15,000
MAZDA (expires April 6)	
FX-7 (1991)	\$2,000
MPV (1992)	\$400-600, based on number sold
MITSUBISHI (1990-92 models, expires April 30. This is the range of regional programs. Some rebates are based on number sold or performance against quota.)	
Mirage, Galant, Pickup	0-\$1,500
Eclipse (national)	\$750-1,750
NISSAN (expires May 4)	
240SX (1991)	\$1,000
Stanza (1992)	\$1,000
Maxima GXE (1992)	\$800
Sentra (1992)	\$500
King Cab pickup (1992)	\$1,000
Other pickups (1992)	\$1,300
PEUGEOT (no expiration date)	
405	\$5,000
505	\$6,000
PONTIAC (expires June 4 for 1992 models, May 4 for 1991 models)	
LeMans	\$1,000
PORSCHE (1991 models, no expiration date. To qualify for the following rebates, dealers had to buy two cars from port stock by Jan. 17.)	
911 Carrera 2, 928	\$9,500
911 Carrera 4	\$13,500
911 Turbo	\$14,000
SUBARU (expires April 2)	
Legacy (1991)	\$1,200-1,700
Legacy (1992, invoiced before Feb. 4)	\$500
Legacy (1992, invoiced after Feb. 4)	\$1,000
SUZUKI (expires April 2)	
Swift (1992)	\$400-700
Sidekick (1992)	\$300-700
Swift (1991)	\$700-1,000
Sidekick (1991)	\$1,000-1,500
TOYOTA (expires April 2; 1991-92 models unless otherwise noted)	
Corolla (1992)	\$600-1,000, quota
Celica	\$400-800, quota
Tercel	\$200-600, quota
Pickups (base 4x2)	\$900-1,500, quota
Other pickups	\$400-1,000, quota
VOLKSWAGEN (no expiration date)	
Passat (1991)	\$1,500
Jetta, Fox, Golf (1991)	\$500
All 1990 cars	\$500-1,500
Cabriolet (1991, expires March 31)	\$2,000
VOLVO (expires March 31)	
1992 models	
240 series	\$500-1,000
740 series	\$1,000-1,500
940 series	\$1,500
1991 models	
240 series	\$1,500
740 series	\$1,750-2,500
940 series	\$1,500-2,500
840 coupe	\$2,500

BMW would find supplier pals in S. Carolina

LINDSAY CHAPPELL
Staff Reporter

If BMW AG wants to set up a North American assembly plant somewhere away from the influence of Japanese transplants, it's a little late.

The remote South Carolina town it is eyeing already has two Japanese parts ventures. And 14 other Japanese parts firms are operating within 100 miles of the site, employing at least 3,300.

The Anderson area, with a population of 140,000 in the northeast corner of South Carolina, has emerged as the leading contender

for a BMW assembly plant.

The town is halfway between Atlanta and Charlotte, N.C., each 100 miles away on Interstate 85. The drive to Atlanta connects Anderson to Interstate 75, a Midwestern jugular that links scores of Japanese transplant factories with Detroit. The list includes Toyota Motor Manufacturing U.S.A. in Georgetown, Ky.

Other suppliers are nearby. Michelin Corp., the French tire-maker and BMW supplier, has its North American headquarters 40 miles away in Greenville, S.C.

Conveniently, three of the

nearby Japanese-affiliated suppliers are joint ventures with traditional BMW suppliers — Germany-based Robert M. Bosch Co. and Carl Freudenberg Co.

Bosch is a 50-percent partner with Nippondenso Ltd. in Anderson's Associated Fuel Pump Systems Corp.

Bosch is a 51 percent partner with Japan Electronic Control Systems Co. in Automotive Electronic Control Systems Inc., also in Anderson.

Freudenberg and its partner in the United States, Japanese-based NOK Corp., operate one of their

joint-venture seal plants across the state line in Cleveland, Ga.

A fourth plant in the area, British-based Lucas Industries in Greenville, exports fuel injectors to BMW in Munich.

The potential German transplant would have immediate access to 170 traditional European supplier plants in the United States, points out Henry P. Alessio, partner with Easton Consultants Inc. in Hopkinton, Mass., who tracks the automotive supplier industry.

"There are enough German suppliers operating over here to give them a good start," he says. **EN**

BMW

Maker sees savings from U.S. plant

continued from PAGE 1

plant site in the United States has been narrowed to four from 215, "with only South Carolina mentioned specifically."

The Munich-based carmaker late last week confirmed the essence of the Thoms memo, but said no decision is likely to be made until mid-to-late May.

According to Thoms, Von Kuenheim said that BMW plans to "build a specific model in the U.S. and would not duplicate production in Bavaria."

Company sources confirmed last week that either a new entry-level car based on the 3 series or even a 3-series convertible or station wagon could be built outside Germany.

Because of the popularity of the new 3 series, BMW's plants in Germany are reaching capacity, the company said. The 3-series convertible has been approved for production and a go-ahead on the station wagon is expected.

The logic of a U.S. move stems from BMW's need to be present in a "dollar area" to make itself less vulnerable to currency fluctuations, company sources said last week. The company sold 53,343 cars in the United States last year, roughly 10 percent of its total production.

BMW prefers the United States over Mexico or Canada, the source said.

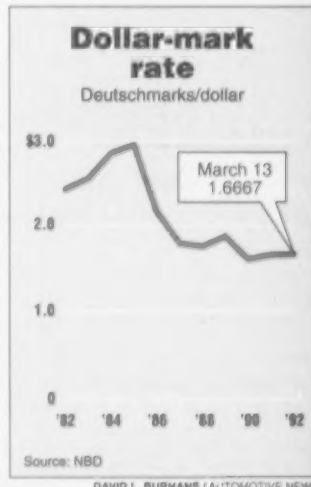
According to the Thoms memo, BMW does not want to locate in a state where the Japanese currently have production facilities, eliminating Ohio, Kentucky, Illinois, Indiana, Tennessee and California.

"Another important condition is the proximity of a good international airport providing timely connections to Europe," the memo said. "Also, a good rail transportation system to a major port for shipping the cars is important."

Finally, "The BMW chairman said the availability of non-unionized workers was strongly preferred by his company."

Von Kuenheim has frequently complained that high wages in Germany, one of the most expensive countries in Europe, undermines the company's competitiveness. According to BMW, its workers are paid an average of \$26.07 an hour, including social costs. Employees work 37 hours a week and receive six weeks of vacation a year.

In comparison, according to BMW, U.S. autoworkers earn an average \$20.76 per hour — includ-



ing social costs — work 40 hours per week and receive four weeks of vacation a year.

BMW is concerned with the "high hourly wages, work limitations, environmental restrictions, etc., that are a part of doing business in Germany," Thoms says.

According to Thoms, he was told by von Kuenheim that a U.S.-produced car would be sold in the United States and exported. The cars would be transported aboard the same ships that bring new BMWs to the United States, von Kuenheim is quoted as saying.

While BMW's search for a plant-site went as far west as Omaha, Neb., BMW does not want a plant more than seven times zones away from Germany "so that the managers would be able to talk to one another at reasonable hours," the memo says.

In his memo, Thoms tells the Bonn embassy he is certain BMW will decide to build a plant in the United States. **EN**

INCENTIVE WATCH — CUSTOMER INCENTIVES	
NEW PROGRAMS	
FORD MOTOR CO.	
1992 models	
April 1 to June 30. In lieu of rebates, finance rates of 2.9 to 7.9 percent are offered. Some rebates vary by regions.	
Ford Probe	\$1,500
Thunderbird Sport, SC (Calif. only)	\$1,500
Taurus SHO	\$1,000
Other Taurus	
Mustang	\$500-1,000
Escort	\$500-750
Thunderbird, Tempo, Crown Victoria, Festiva	\$500
Ford Bronco	
Econoline (RV)	\$1,000
Ranger	\$750-1,000
Aerostar	\$500-1,000
F series	\$400
Lincoln (all)	\$1,500
Mercury Sable	\$500-1,000
Capri	\$750
Tracer	\$500-750
Topaz, Cougar, Grand Marquis	\$500
1991 models	
April 1 to June 30. In lieu of rebates, finance rates of 2.9 to 7.9 percent are offered. Some rebates vary by regions.	
Ford Thunderbird, Probe	\$1,500
Mustang	\$1,000-1,500
Festiva	\$1,000
Escort	\$750
Taurus SHO	\$600-1,000
Other Taurus	\$400-1,000
Tempo	\$400
Ford Bronco	
Econoline E150 RV	\$1,000
Aerostar	\$400-1,000
Ranger, F series, other Econoline	\$400
Mercury Capri	\$2,000
Sable, Cougar	\$1,500
Tracer	\$750
Topaz	\$400
CONTINUING PROGRAMS	
CHRYSLER CORP.	
Expires March 31. Finance rates in lieu of rebates from zero to 9.9 percent.	
1991-92 models	
Chrysler New Yorker	
Fifth Ave., Imperial	\$1,500
N.Y. Salon, LeBaron sedan	
LeBaron coupe, conv.	\$1,000
Dodge Monaco	\$500
Shadow, Spirit	\$1,500
Daytona, Colt 3-dr.	\$500
Dodge Ramcharger	\$2,000
Ram wagon (van and conversion)	\$1,000
Ram pickup (gas), Dakota pickup	\$750
Ram 50 pickup	\$500
Eagle Premier	\$1,500
Talon	\$1,000
Summit 3-dr., 4-dr., '92 wagon	\$500
Jeep Cherokee	\$1,500
Comanche	\$750
Wrangler	\$500
Plymouth Sundance, Acclaim, Laser	\$1,000
Colt 3-dr., '92 Vista	\$500
All minivans	\$500
Northeast region only:	
LeBaron sedan, Acclaim, Spirit	\$1,500
GENERAL MOTORS	
1992 models	
Expires June 4, unless otherwise indicated. In lieu of rebates, finance rates of 2.9 to 6.9 percent are offered.	
Buick (based on option package ordered)	
Riviera	\$2,000
Skyline, Century, Regal, LeSabre	\$250-1,000
Cadillac (expires March 31)	
DeVille, Fleetwood, Brougham	\$1,500
Chevrolet Lumina: Geo Storm, Prizm, Metro (manual)	\$750
Cavalier, Camaro	\$500
Geo Metro (automatic)	\$300
Chevrolet S/T Blazer	\$1,000
S/T pickup, Lumina APV	\$750
G van	\$500-750
C/K pickup	\$400
GMC S15 Jimmy (exc. Typhoon)	\$1,000
Sonoma (exc. Syclone)	\$750
Sierra (regular cab)	\$400
GMC (expires March 31)	
G van	\$500-1,000
Safari	\$500
Oldsmobile (regional)	
Toronado, Silhouette, Bravada	
Custom Cruiser	\$1,000-1,500
Cutlass Ciera	\$1,000
Cutlass Supreme	\$750-1,500
Ninety Eight, Eighty Eight	\$500-1,250
Pontiac Grand Prix, Trans Sport	
Sunbird, Grand Am, Firebird, Bonneville	\$750
1991 models	
Expires May 4, unless otherwise indicated. In lieu of rebates, finance rates of 2.9 to 6.9 percent are offered.	
Buick (based on option package ordered)	
Reatta	\$2,000
(other rebates same as 1992 models)	
Chevrolet (same as 1992 models, cars and trucks)	
GMC (expires March 31)	
G van	\$500-1,000
Safari	\$400
Other GMC (expires May 4)	
Same as 1992 rebates on S15 Jimmy, Sonoma, Sierra	
Oldsmobile (regional)	
Cutlass Calais	\$700-1,000
(other rebates same as 1992 models)	
Pontiac (same as 1992 models)	
HYUNDAI (expires April 2)	
Excel (1991)	\$1,000
Excel (1992)	\$500
Elantra (1992)	\$1,000
Scoupe (1991)	\$750
Scoupe (1992)	\$500
Sonata (1991)	\$1,500
Sonata (1992)	\$750
MAZDA (1992 models, expires April 6)	
Protege, 626, MX-6	\$1,000 plus free air conditioning or automatic trans.
Pickups	\$400-1,200
MITSUBISHI (expires April 30)	
Eclipse (1991-92, national)	
5.9 to 8.9 percent loans, based on down payment	
Pickups (1990-92, Southwest region)	\$1,000
Mirage (1990-92, Southwest region)	\$500
SUBARU (expires April 2)	
Loyale (1991-92)	\$500
Legacy (1992)	\$500

New Ford rebates run to June 30

ARLENA SAWYERS
Staff Reporter

Ford Motor Co. announced a customer rebate program that runs from April 1 through June 30. Payments range from \$400 to \$2,000 on 1992 and 1991 cars and from \$400 to \$1,000 on trucks.

Finance rates of 2.9 to 7.9 percent are also available.

The program is largely regional and is most generous for California residents.

For instance, the 49-state rebate on 1992 Thunderbirds and Cougars is \$500. In California, it is \$1,500 on the 1992 Thunderbird Sport and Super Coupe and Cougar XR7.

Other 1992 Thunderbirds and Cougars carry no rebates in California, although Ford has a cut-price deal on the T-bird LX. **EN**

SCHEDULED
PLANT CLOSINGS

Plant	Weeks down	Units lost/ week
CHRYSLER		
Brampton, Ontario	3/30	1,000
Belvidere, Ill.	3/30	100
Chrysler Fifth Avenue		600
Chrysler Imperial		3,000
Chrysler New Yorker Salon		
Dodge Dynasty		
FORD MOTOR CO.		
Wayne, Mich.	3/30	5,800
Ford Escort		
Norfolk, Va.	3/30, 4/6	3,200
Ford F-series pickup		
Other		
Total U.S. car		10,500
Total U.S. truck		3,200
Total units lost week of 3/30		13,700

*Plant closed for retrofit until spring 1992.
Source: Automotive News Data Center

Ford wants redo
of Japan-based
dealer channel

RICHARD JOHNSON
Staff Reporter

TOKYO — Ford Motor Co. and Mazda Motor Corp. are negotiating to restructure the Autorama dealer network through which Fords are sold in Japan.

Ford owns 34 percent of Autorama, Mazda owns 39 percent and nine other companies own 27 percent. The network sells more than 80,000 Ford-badged cars and trucks per year, although the lion's share is built by Mazda in Japan.

Ford bought its stake in Autorama in 1989. Last year, it named former Toyota Motor Corp. executive Kenon Suzuki president of Ford of Japan to reorganize the company's sales efforts here.

Suzuki has focused on trying to upgrade Autorama, which he described in an interview last week as "a nightmare for me."

"Autorama is far behind the ideal situation for a dealership at the distributor level and at the factory level," he said. "We are just starting to correct it. It can't be accomplished in six months; it will take several years."

The channel has 115 dealers and 340 sales outlets. Suzuki said the total must rise, but he said his first priority is to raise the standards of existing dealers.

Autorama is "far behind" industry service standards, he said. "And everyone contributed to the problem — the dealers, the distributor, Mazda, everyone."

He said service and repair is "only one example, although a big one. This is very, very important, especially for imported cars."

Suzuki would not comment on whether the equity relationship among the partners might change, but said he expects to see more cooperation. He said Ford plans no large-scale marketing effort in Japan until the Autorama matter is resolved.

Ford sold 1,800 imported vehicles through Autorama last year, down sharply from 1990. When sales of seven Ford dealers are added, volume was just under 3,000 units. This year, Suzuki expects to sell about 5,000, including 3,500 through Autorama.

Still, he regards the total as "nothing," and said his job is to set a foundation for the future.

Suzuki said Ford eventually hopes to achieve 5 percent of the Japanese market, with imports accounting for about half of that.

U.S. AND CANADA CAR AND TRUCK PRODUCTION

Vehicles are assembled in the United States unless noted. Vehicles are cars unless noted.

	Est. 3/23- 3/29/92	Actual 3/16- 3/21/92	3/1- 3/28/92	Year 3/23- 3/29/92	Year 3/1- 3/28/92	Est. 3/23- 3/29/92	Actual 3/16- 3/21/92	3/1- 3/28/92	Year 3/23- 3/29/92	Year 3/1- 3/28/92	
LeBaron J.	1,150	0	3,526	10,908	7,869	Sportsvan (trk.)	0	1,136	3,057	11,295	8,786
New Yorker	0	0	1,188	4,363	2,145	Sportsvan (Can. trk.)	1,400	1,430	6,044	17,866	8,786
Fifth Avenue	0	0	2,959	7,145	6,375	Suburban (trk.)	962	896	3,493	9,831	5,201
Imperial	0	0	257	1,235	1,867	Total Chevrolet	48,251	46,652	186,901	489,887	410,192
Town & Country (trk.)	360	320	1,262	2,920	751	Achieva/Calaia	2,800	2,482	10,821	31,323	28,343
Total Chrysler Div.	1,510	320	9,192	26,571	18,067	Cutlass Ciera	2,625	2,737	8,691	29,085	13,196
Sundance	0	0	2,830	11,307	10,999	Cutlass Ciera (Can.)	0	0	0	0	14,633
Acclaim	1,875	0	5,660	17,005	21,549	Cutlass Supreme	2,400	0	7,138	15,952	23,906
Voyager (trk.)	2,160	2,407	9,024	21,302	19,602	Toronado	181	237	859	1,826	1,730
Voyager (Can. trk.)	2,814	2,785	11,243	34,422	26,904	Eighty Eight	2,017	1,900	7,122	20,413	18,903
Total Plymouth	6,849	5,192	28,757	84,216	79,054	Custom Cruiser wag.	120	97	349	1,250	3,318
Daytona	0	0	464	2,513	2,774	Ninety Eight	753	670	2,399	7,403	20,363
Shadow	0	0	4,053	16,422	12,240	Silhouette (trk.)	503	499	1,571	3,745	3,541
Dynasty	0	0	5,573	18,854	31,087	Bravada (trk.)	223	230	843	3,478	5,862
Spirit	1,750	0	5,335	16,948	19,481	Total Oldsmobile	11,622	8,852	30,793	114,477	133,817
Viper	0	0	0	0	0	Sunbird	2,359	1,984	8,056	23,869	31,107
Monaco (Can.)	0	0	0	0	649	Grand Am	5,160	4,210	18,000	54,167	51,004
Caravan (trk.)	3,000	3,039	11,573	28,327	25,297	Firebird	542	540	2,162	5,718	2,474
Caravan (Can. trk.)	3,624	3,745	14,676	45,138	32,394	Grand Prix	2,284	1,843	7,660	26,951	24,141
Caravan C/V (trk.)	72	79	352	890	944	Pontiac 6000	0	0	0	0	7,674
Caravan C/V (Can. trk.)	162	156	635	2,188	2,108	Bonneville	2,580	2,593	10,476	24,087	21,066
Dakota (trk.)	2,900	3,097	12,146	26,775	14,957	Trans Sport (trk.)	1,128	1,050	2,955	5,730	4,556
Ram pickup (trk.)	1,400	1,505	5,910	14,074	14,859	Total Pontiac	14,053	12,229	49,399	140,522	142,822
Ram wagon (Can. trk.)	550	576	2,235	5,801	4,636	Yukon-Jimmy (trk.)	182	153	588	1,495	861
Ram van (Can. trk.)	1,410	1,416	5,689	14,520	8,276	Medium (trk.)	520	599	2,241	6,489	5,120
Total Dodge	14,888	13,613	60,821	194,290	189,782	P-model (trk.)	34	63	230	615	775
Premier (Can.)	0	0	0	0	1,654	Pickup (trk.)	2,470	2,522	8,479	22,672	19,282
Cherokee (trk.)	3,500	3,551	14,202	33,421	22,664	Pickup (Can. trk.)	1,450	1,465	5,803	17,955	13,414
Comanche (trk.)	80	82	236	988	1,469	Syclone-Sonoma (trk.)	983	840	4,003	9,411	12,950
Grand Cherokee (trk.)	1,075	1,295	4,268	6,875	0	Typhoon-S15 Jimmy (trk.)	812	513	3,116	8,494	4,857
Wagoneer (trk.)	5	1	30	279	727	Safari (trk.)	1,400	1,583	5,418	15,528	8,124
Wrangler (Can. trk.)	1,932	1,986	7,059	23,267	11,578	Suburban (trk.)	802	777	2,839	6,419	5,313
Total Jeep-Engle	6,572	6,896	26,824	84,538	38,892	Vandura (trk.)	0	273	808	5,776	3,626
Total U.S. car	4,775	0	31,848	106,790	116,380	Vandura (Can. trk.)	750	736	2,915	9,650	4,485
Total U.S. car	0	0	0	0	2,363	Total GMC	9,393	9,524	36,539	104,511	78,807
Total U.S. truck	14,532	15,356	59,832	137,441	181,270	Total Saturn*	4,115	4,115	16,460	43,480	10,323
Total U.S. truck	10,492	16,864	42,317	125,336	85,896	Total U.S. car	58,596	58,825	206,080	584,232	586,327
CHRYSLER CORP.	29,799	26,820	133,194	340,567	305,855	Total U.S. car	8,958	8,939	17,891	61,358	61,872
						Total U.S. truck	36,721	36,384	112,434	382,468	235,075
Escort	5,083	5,818	16,708	32,862	44,192	Total U.S. truck	7,580	7,599	30,540	95,272	80,853
Mustang	2,730	2,821	8,274	18,942	11,458	GENERAL MOTORS	105,677	97,527	367,534	1,043,330	963,327
Tempo	2,851	2,963	12,368	30,419	24,837	Can. car	2,300	2,314	9,018	28,091	32,639
Tempo (Can.)	3,413	3,481	10,294	27,965	27,533	Can. trk.	1,450	1,482	5,797	17,619	14,517
Taurus	7,078	6,892	28,278	68,887	69,329	CAN**	3,750	3,796	14,815	45,710	47,156
Thunderbird	1,800	1,913	5,764	18,276	15,505	DIAMOND-STAR*					
Crown Victoria (Can.)	3,252	2,922	10,277	23,077	23,442	Civic	2,200	2,178	8,409	23,011	22,485
Aerostar (trk.)	4,010	4,035	16,115	43,514	28,129	Civic (Can.)	2,190	2,233	9,110	28,722	26,350
Bronco (trk.)	676	628	1,859	4,797	2,437	Accord	7,740	7,853	31,326	96,586	86,598
Explorer (trk.)	6,727	6,616	26,549	79,430	65,447	Total U.S. car	10,000	10,031	39,735	121,579	109,083
Mustang Navajo (trk.)	145	143	543	1,150	3,943	Total U.S. car	2,190	2,233	9,110	28,722	26,350
Econoline (trk.)	4,733	4,586	17,914	45,015	26,954	HONDA	12,190	12,264	48,845	189,381	135,433
Heavy (trk.)	1,039	1,027	4,174	11,280	8,416	HYUNDAI Sonata (Can.)	485	483	968	3,796	9,851
Light truck (trk.)	10,688	11,275	41,575	112,507	58,042	MAZDA*	723	988	2,892	14,364	37,465
Light truck (Can. trk.)	3,040	3,040	12,160	39,521	21,337	U.S. trk.	1,585	1,522	4,585	15,991	18,894
Ranger (trk.)	7,142	7,206	26,025	61,034	53,755	Can. trk.	185	185	661	1,908	1,962
Total Ford Division	64,496	65,396	238,967	638,690	484,756	NAVISTAR	1,758	1,887	5,248	17,989	29,869
Topaz	1,516	1,552	5,329	12,210	10,856	Sentra	2,640	2,641	10,524	35,509	36,139
Topaz (Can.)	1,483	1,415	4,308	9,897	7,163	Pickup (trk.)	2,580	2,598	10,397	34,680	34,633
Cougar	1,800	1,867	4,831	13,193	11,147	NISSAN	5,228	5,238	29,821	78,197	78,772
Sable	3,450	3,344	13,464	29,343	22,082	Geo Prizm	1,900	1,890	7,600	23,705	25,481
Grand Marquis (Can.)	2,542	2,679	9,193	24,400	11,605	Toyota Corolla	2,400	2,363	9,481	29,202	26,231
Total Mercury	10,791	10,876	37,126	86,943	82,853	Toyota Pickup (trk.)	900	885	3,506	8,754	0
Continental	951	969	3,868	9,217	14,500	HUMMER	5,208	5,147	29,647	61,741	61,712
Mark VII	239	249	978	2,186	2,534	Legacy	1,200	1,144	4,755	14,617	14,190
Town Car	2,970	3,047	12,109	28,622	34,113	Pickup (trk.)	370	464	1,857	6,095	0
Total Lincoln	4,180	4,286	16,955	40,000	51,147	Rodeo (trk.)	640	892	3,251	10,617	0
Total L-M Division	14,951	14,941	54,085	128,648	114,880	Total U.S. car	1,298	1,144	4,755	14,617	14,198
Total U.S. car	30,487	31,256	111,971	283,137	280,553	Total U.S. trk.	1,818	1,378	8,186	16,712	13,294
Total U.S. car	10,899	10,896	34,862	86,339	88,743	SUBARU-ISUZU	2,218	2,529	9,863	31,329	27,394
Total U.S. truck	35,140	36,516	134,754	369,741	247,123	Carmy	4,500	4,581	18,409	58,353	55,663
Total U.S. truck	3,040	3,040	12,160	39,521	21,337	Corolla (Can.)	1,500	1,505	6,043	18,385	16,797
FORD MOTOR CO.	78,357	80,397	282,947	796,738	586,756	TOYOTA	9,898	9,884	24,482	78,738	72,440
						VOLVO 740, 940 (Can.)	198	158	888	1,888	2,158
Stylark	1,480	1,519	5,979	16,927	28,924	AM GENERAL (trk.)	375	375	1,588	4,575	5,178
Century	2,424	2,131	6,296	14,907	17,565	MISCELLANEOUS (trk.)**	2,480	2,480	9,880	29,280	34,278
Regal (Can.)	2,700	2,853	5,353	16,009	25,205	Total U.S. car	129,435	109,080	487,243	1,311,888	1,386,301
Riviera	335	247	1,099	2,888	3,020	Total Canada car	26,295	26,128	77,882	227,487	240,908
Park Avenue	1,743	1,757	7,003	15,591	26,245	Total U.S.-Canada Car	146,780	135,125	534,935	1,538,563	1,547,280
LeSabre	3,500	2,820	10,717	33,813	33,069	Total U.S. truck	89,243	90,392	340,916	988,658	888,638
Roadmaster sedan	1,400	1,362	4,138	14,909	0	Total Canada truck	22,847	22,958	91,478	279,746	184,586
Roadmaster wagon	400	394	1,185	3,368	3,646	Total U.S.-Canada truck	111,889	113,342	432,391	1,188,386	874,284
Reatta	0	0	0	0	603	TOTAL U.S.	238,678	199,397	798,158	2,219,716	1,995,948
Total Buick	13,962	12,889	41,772	118,412	138,277	TOTAL CANADA	48,812	49,878	169,187	907,243	425,524
Eldorado	959	830	3,477	10,805	3,921	TOTAL U.S.-CANADA CAR & TRUCK					
Seville	1,452	1,026	4,540	12,050	7,745	258,989 249,467 967,335 2,725,960 2,421,484					
Brougham	0	0	0	2,170	4,905	*Estimate					
DeVille	1,786	1,580	6,627	27,035	32,739	**Estimate for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz					
Atlanta	64	39	125	192	779	Source: Automotive News Data Center					
Total Cadillac	4,281	3,475	16,789	62,112	50,889						
Cavalier	5,429	4,498	19,219	53,280	67,571						
Camaro	1,458	1,460	5,838	14,391	10,282						
Corsica-Beretta	4,780	4,450	17,748	46,324	50,613						
Lumina (Can.)	6,250	6,286	12,536	45,349	41,214						
Caprice	2,880	2,871	9,802	26,083	31,230						
Corvette	480	457	1,881	4,204	5,920						
Astro (trk.)	3,085	3,064	12,395	30,636	20,098						
Blazer (trk.)	450	411	1,806	4,749	1,962						
Lumina APV (trk.)	1,213	1,228	3,886	9,814	7,089						
Mediums (trk.)	80	138	438	1,343	1,972						
P-model (trk.)	478	430	1,885	4,704	3,986						
Pickup (trk.)	6,937	6,916	23,463	57,980	45,852						
Pickup (Can. trk.)	3,900	3,968	15,778	49,792	34,168						
S10 (trk.)	5,060	4,373	17,992	41,231	54,002						
S10 Blazer (trk.)	3,439	2,040	11,228	32,046	11,480						